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Report Highlights:

MY 2023/24 European Union oilseed production is forecast to increase by over four percent over the previous drought affected year. This forecast is based on the assumption of average growing conditions, higher average yields, and increased area. Feed use of oilseed meals is forecast down, in line with declining livestock and dairy sectors. Biofuels and food use of vegetable oils are forecast to remain stable. The Russian invasion of Ukraine still impacts the EU and world oilseeds market.

Executive Summary:

Seeds

Total European Union (EU) oilseed area in marketing year (MY) 2023/24 is forecast to increase by less than two percent. Increased rapeseed and soybean plantings make up most of this increase, in addition to a small increase in sunflower area planted. High demand for oilseeds and oilseeds products and attractive commodity prices have fueled the increase in oilseeds area. Under the assumption of overall improved yields compared to the low yields caused by drought in the previous MY, production of total oilseeds in the EU is forecast to increase by over four percent year-on-year, more than the anticipated area increase. At the time of writing, significantly higher yields for sunflower and soybeans are forecast, whereas rapeseed yields should be slightly lower than in the previous MY. In most EU regions, growing conditions have been favorable so far. However, particularly in the Western parts of the EU, it is already too dry, and rain is much needed. Yield potential will depend on future growing conditions, such as precipitation and temperature.

Meals

Following stable crush, EU oilseeds meal production is forecast to remain flat in MY 2023/24. Higher domestic production and good supply on the world marked together with attractive crush margins should favor crush of soybeans and sunflower over rapeseed. Based on the assumption of declining livestock and dairy sectors, overall feed use of oilseeds meals is also forecast to be on a declining trend. Feed use of oilseeds meals is forecast to be down about one percent compared to the previous MY. In contrast to lower feed use of rapeseed meal, increased soybean and sunflower meal will be used in animal feed due to higher availability.

Oils

EU total domestic vegetable oil production in MY 2023/24 is forecast to increase by almost 4 percent compared to the previous MY. The increase is mainly driven by the recovery of olive oil production after extremely low production the previous year. Increased production is also forecast for soybean and sunflower oil, whereas rapeseed oil production is projected to be down. Biofuels and food use of vegetable oils are forecast to remain stable.

Policy

In February 2022, Russia invaded Ukraine. The war is pressuring global food security due to the high level of exports of feed and grain products from these two countries. The European Union adopted several measures to enhance global food security and to mitigate the impact of the war on EU farmers given rising commodity and input prices.

The EU Renewable Energy Directive (REDII) requires all biofuel used in the EU, whether produced in the EU or a third country, to demonstrably meet sustainability criteria through compliance certification. In January 2019, the European Commission recognized the U.S. soy industry's scheme certifying U.S. soybean compliance (SSAP-RED). With this recognition, U.S. soybeans can be used for biofuel production in the EU and can count towards the REDII targets. The REDII also put in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels and a requirement to phase them out completely by 2030. Only palm oil falls under this definition and will need to be phased out by 2030. Soybean, rapeseed, and sunflower do not fall under this definition.

In December 2022, the European institutions found agreement on a draft regulation to prevent products causing deforestation from entering the EU market. The proposal targets products which are identified by the European Commission as the main drivers of deforestation including soy and palm oil. The text is going through a legal review but is now de-facto final and is expected to be formally adopted in the coming months. It will then enter into force in late 2024 or early 2025.

Introduction

This report presents the outlook for oilseeds in the 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:

- Ukraine is one of the world's top agricultural producers and exporters and plays a critical role in supplying grains and oilseeds to the global market and to the EU. Since February 24, 2022, Russia's invasion of Ukraine has significantly impacted grains and oilseeds markets in the EU and globally. Since the start of the war, crush facilities and ports in Ukraine had to limit their operations due to damage and worker safety concerns. Some ports in Ukraine are either being blockaded by the Russian navy or captured and under attack by the Russian army. Other countries have imposed sanctions on Russia, limiting trade from the region. The challenges affecting planting operations, combined with the damages in Ukraine's trade infrastructures still create uncertainties and a very volatile situation on the EU's grains and oilseeds trade flows in MY2023/24. Additional details on FAS EU Posts' views on how the conflict in Ukraine impacts each commodity are discussed in the different sections of this report.
- USDA official numbers in this report include the World Agricultural Supply and Demand Estimates (WASDE) March 2023 release.
- In this report the term "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".
- Trade figures are revised according to the most recent data available from Trade Data Monitor (December 2023).
- The term European Union (EU) refers to the current [EU27 member states \(MS\)](#).

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The marketing years (MY) 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](#)
- [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. Cottonseed Complex](#)
- [11. Olive Oil](#)
- [12. Policy](#)
- [13. Pesticides](#)

1. Total Oilseeds

Please find the details for specific commodities in the respective sections of the report.

Note: Total oilseeds include different MYs with different beginning and ending months.

Total Oilseeds – Seeds

Table 1
Oilseeds, Total Oilseeds – Production, Supply and Distribution

Oilseeds, Total Oilseeds	2021/2022		2022/23		2023/24	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	10,993	11,024	12,184	12,466	0	12,675
Beginning Stocks	2,679	2,679	2,886	2,442	0	2,893
Production	30,704	30,517	31,942	31,778	0	33,130
MY Imports	22,824	22,821	24,176	23,851	0	22,046
Total Supply	56,207	56,017	59,004	58,071	0	58,069
MY Exports	1,268	1,296	1,505	1,405	0	1,480
Crush	47,905	47,805	50,035	49,325	0	49,285
Food Use Dom. Cons.	1,555	1,541	1,525	1,515	0	1,485
Feed Waste Dom. Cons.	2,593	2,933	2,715	2,933	0	2,953
Total Dom. Cons.	52,053	52,279	54,275	53,773	0	53,723
Ending Stocks	2,886	2,442	3,224	2,893	0	2,866
Total Distribution	56,207	56,017	59,004	58,071	0	58,069
(1000 ha, 1000 MT)						

Note: The numbers for total oilseeds seeds include cottonseed which is not included in oilseeds meals and oils.

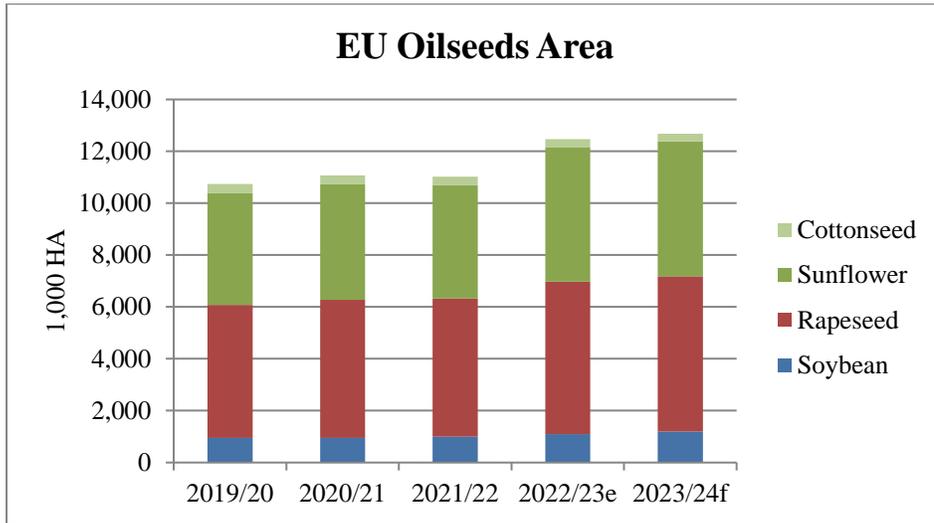
Source: FAS EU

EU Total Oilseeds Area

MY 2023/24

Total EU oilseeds area in MY 2023/24 is forecast to increase by less than 2 percent. The increase in planted area is mainly the result of higher rapeseed and soybean area, and a slight increase in sunflower area.

Figure 1
EU Oilseeds Area



e = estimate, f = forecast

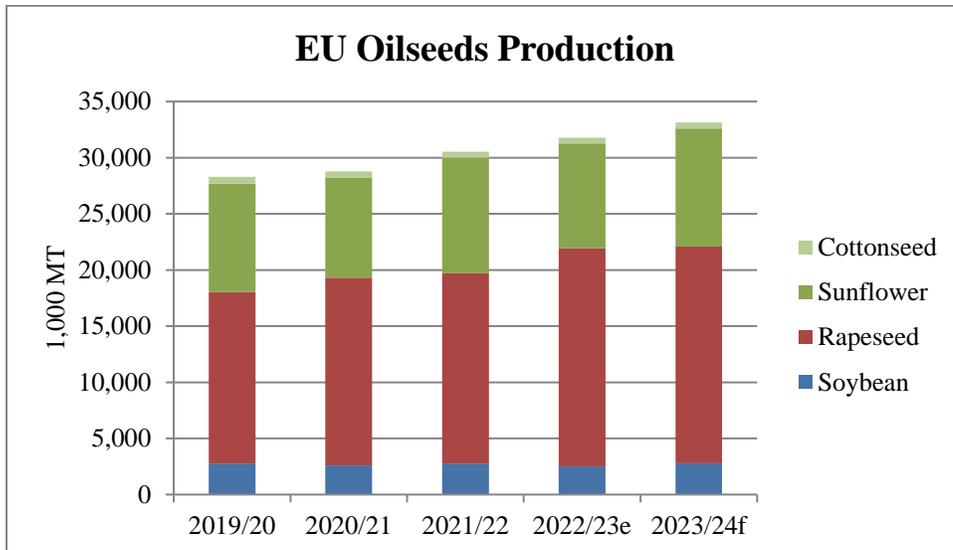
Source: FAS EU

EU Total Oilseeds Production

MY 2023/24

Due to improved yields, production of total oilseeds in the EU is forecast to increase by over 4 percent, more than the anticipated area increase. At the time of writing, significantly higher yields for sunflower and soybeans are forecast, whereas rapeseed yields should be slightly lower than in the previous MY.

Figure 2
EU Oilseeds Production



e = estimate, f = forecast

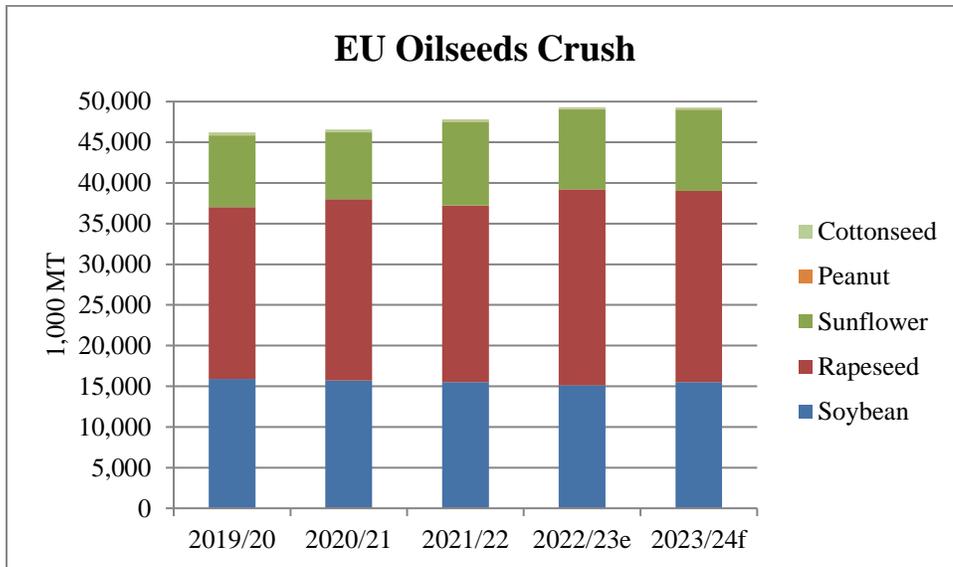
Source: FAS EU

EU Total Oilseeds Crush

MY 2023/24

EU total oilseeds crush is forecast to remain relatively flat. Increased soybean and sunflower crush will compensate for lower rapeseed crush.

Figure 3
EU Oilseeds Crush



e = estimate, f = forecast

Source: FAS EU

Total Oilseeds – Meals

Table 2
Meals, Total Oilseeds – Production, Supply and Distribution

Meals, Total Oilseeds	2021/2022		2022/23		2023/24	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	47,635	47,535	49,785	49,085	0	49,035
Beginning Stocks	1,000	1,000	1,256	1,431	0	1,416
Production	30,628	30,449	31,659	31,012	0	31,410
MY Imports	21,761	21,416	20,912	20,757	0	19,892
Total Supply	53,389	52,865	53,827	53,200	0	52,718
MY Exports	2,714	2,684	2,755	2,740	0	2,430
Industrial Dom. Cons.	520	570	520	570	0	570
Food Use Dom. Cons.	32	32	32	32	0	32
Feed Waste Dom. Cons.	48,882	48,148	49,307	48,442	0	47,922
Total Dom. Cons.	49,434	48,750	49,859	49,044	0	48,524
Ending Stocks	1,241	1,431	1,213	1,416	0	1,764
Total Distribution	53,389	52,865	53,827	53,200	0	52,718

(1000 MT),

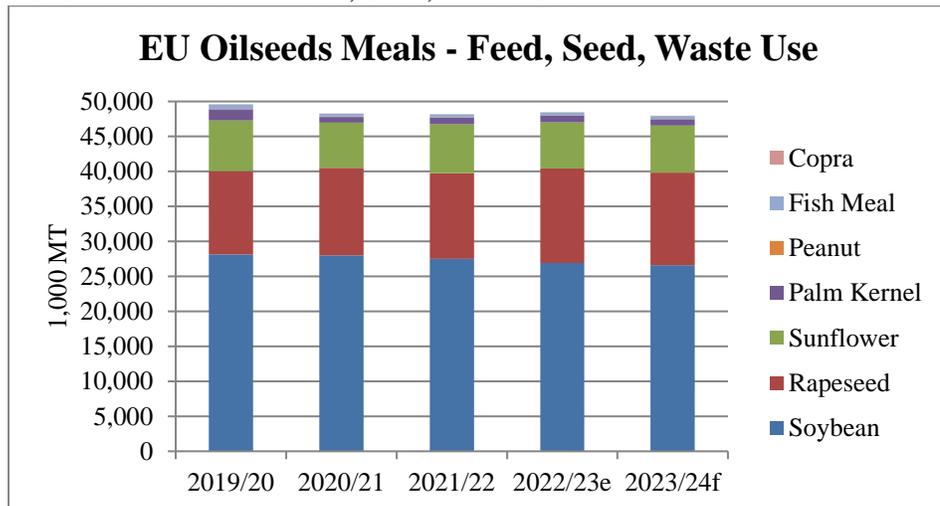
Note: Numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

Source: FAS EU

MY 2023/24

Following stable crush, EU oilseeds meal production is forecast to be relatively flat. Based on the assumption of a declining livestock sector, overall feed use of oilseeds meals is also forecast to be on a declining trend. Feed use of oilseeds meals is forecast to be down about one percent compared to the previous MY.

Figure 4
EU Oilseeds Meals – Feed, Seed, Waste Use



e = estimate, f = forecast

Source: FAS EU

Total Oilseeds – Oils

Table 3
Oils, Total Oilseeds – Production, Supply and Distribution

Oils, Total Oilseeds	2021/2022		2022/23		2023/24	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	47,635	47,535	49,785	49,085	0	49,035
Beginning Stocks	1,874	1,874	2,047	2,084	0	1,651
Production	18,724	18,649	19,366	18,455	0	19,108
MY Imports	9,615	9,714	9,462	9,472	0	9,282
Total Supply	30,213	30,237	30,875	30,011	0	30,041
MY Exports	3,308	3,184	3,697	3,444	0	3,409
Industrial Dom. Cons.	11,930	11,325	12,230	11,280	0	11,300
Food Use Dom. Cons.	12,597	13,333	12,789	13,358	0	13,334
Feed Waste Dom. Cons.						
	331	311	273	278	0	258
Total Dom. Cons.	24,858	24,969	25,292	24,916	0	24,892
Ending Stocks	2,047	2,084	1,886	1,651	0	1,740
Total Distribution	30,213	30,237	30,875	30,011	0	30,041

(1000 MT),

Note: Numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

Source: FAS EU

MY 2023/24

EU total domestic vegetable oil production is forecast to increase by 3.5 percent compared to the previous MY. The increase is mainly driven by the recovery of olive oil production. Biofuels and food use of vegetable oils are projected to remain stable.

Figure 5
EU Oilseeds Oils, Biofuels Use

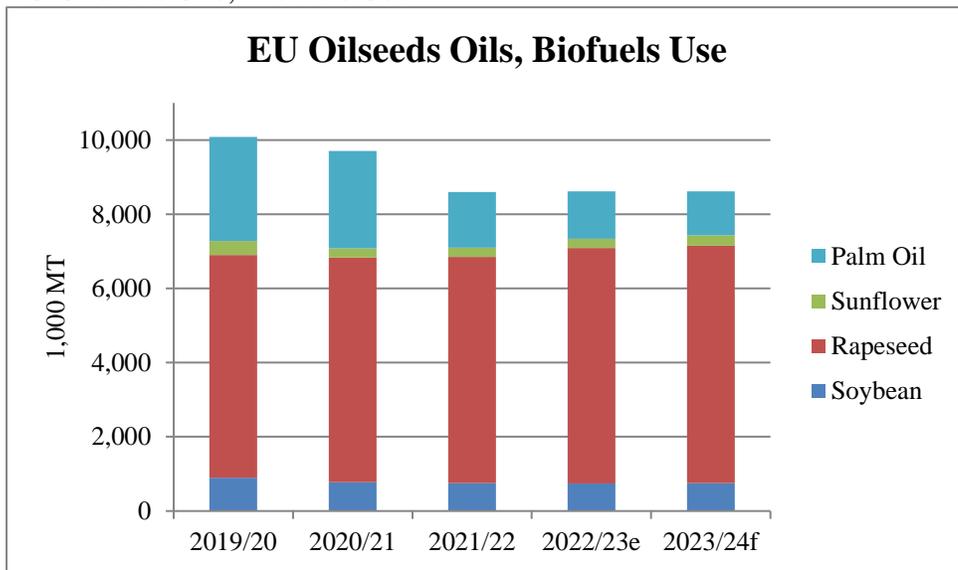
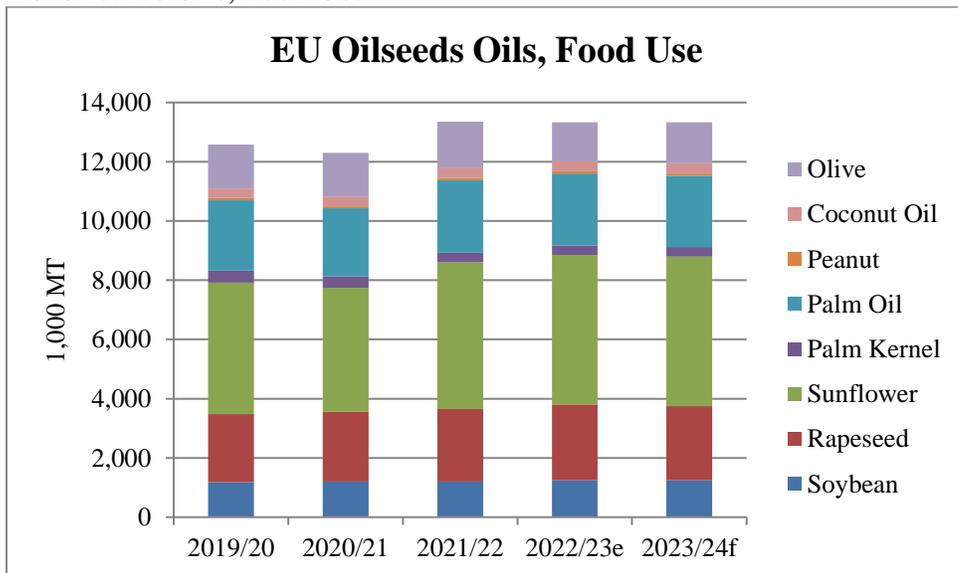


Figure 6
EU Oilseeds Oils, Food Use



e = estimate, f = forecast

Source: FAS EU

2. Soybean Complex

Table 4
Oilseed, Soybean – Production, Supply and Distribution

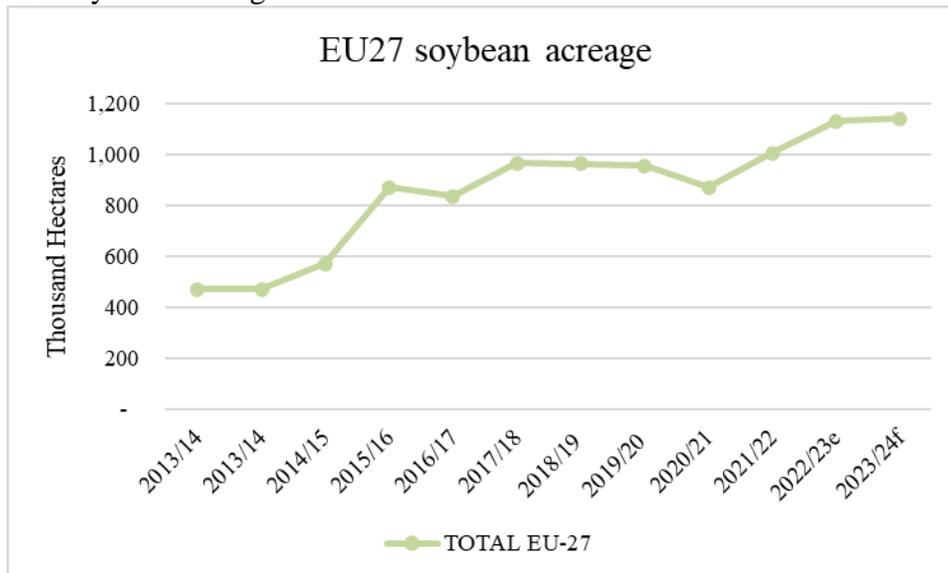
Oilseed, Soybean Market Begin Year European Union	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	979	1,000	1,055	1,100		1,200
Beginning Stocks	1,560	1,560	1,552	1,247		967
Production	2,705	2,750	2,465	2,500		2,800
MY Imports	14,548	14,548	13,900	14,300		14,500
Total Supply	18,813	18,858	17,917	18,047		18,267
MY Exports	291	291	250	250		200
Crush	15,400	15,500	14,650	15,100		15,500
Food Use Dom. Cons.	220	220	230	230		230
Feed Waste Dom. Cons.	1,350	1,600	1,350	1,500		1,500
Total Dom. Cons.	16,970	17,320	16,230	16,830		17,230
Ending Stocks	1,552	1,247	1,437	967		837
Total Distribution	18,813	18,858	17,917	18,047		18,267

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

Source: FAS EU

The EU imports nearly 90 percent of the soybeans it consumes domestically, primarily for animal feed. The EU is highly dependent on soybean imports to meet its protein demand. Soybeans produced in European members states represent only 1.7 percent of the cultivated surface. Nevertheless, interest in the crop is increasing and European area under soybean cultivation has almost tripled in ten years.

Figure 7
EU Soybean Acreage



e = estimate, f = forecast

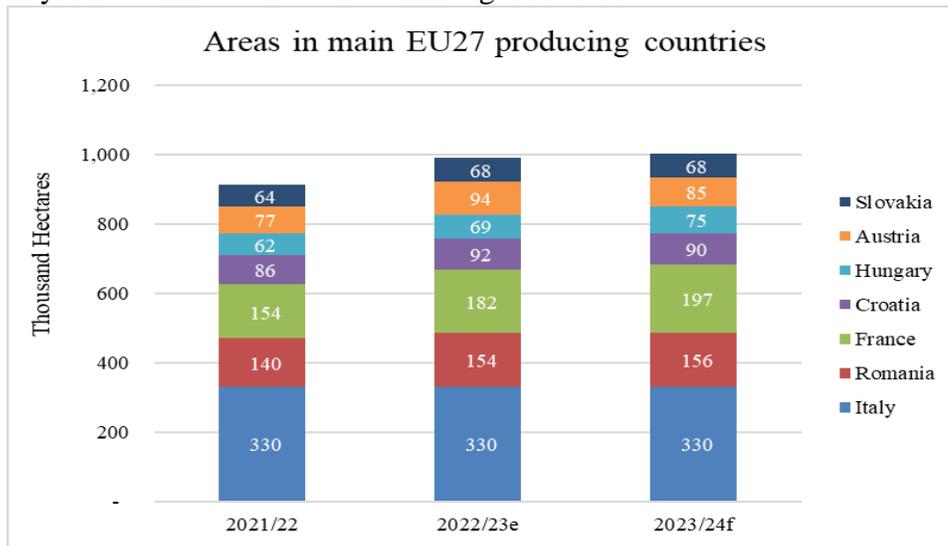
Source: FAS EU

Soybeans play a minor role in European agriculture. Only 2.7 million tons of soybeans were produced in the EU in 2020/2021, while global production reached 369 million tons. The European Commission estimated the local annual demand for plant protein at 27 million tons, of which 93 percent was required for animal feed, and only 0.15 percent for human consumption as plant-based diets are having a limited impact on European consumption figures (European Commission, [2018](#)).

However, the EU is looking to close the local protein gap, while reducing imported carbon and imported deforestation. The European Commission issued a plant protein strategy (European Commission, [2018](#)) to reduce Europe's dependency on protein imported from overseas, most of which comes from Brazil, the United States, and Argentina (soybean meal). Key objectives of this strategy are to make cultivation of soybean and other protein crops in Europe more profitable, competitive, to expand crop rotation, and to meet the growing demand for regionally produced products.

Several MS, including France, Belgium, Austria, Hungary, and Slovakia, have implemented support programs, and set targets for plant-based proteins and nitrogen-fixing crops, leading to mixed results. One success story is the [Danube Soya](#) Initiative, which was created in 2012, and is comprised of 11 European countries in the Danube region. Its goal is to increase the share of regionally produced GE-free feed. Its stakeholders introduced a new certification standard called “Europe Soya” in 2016 with similar goals. According to the Danube Soya Initiative, ten percent of the GE-free European soy harvest was “Donau Soja” certified in MY 2021/22.

Figure 8
Soybean Areas in Main EU Producing Countries



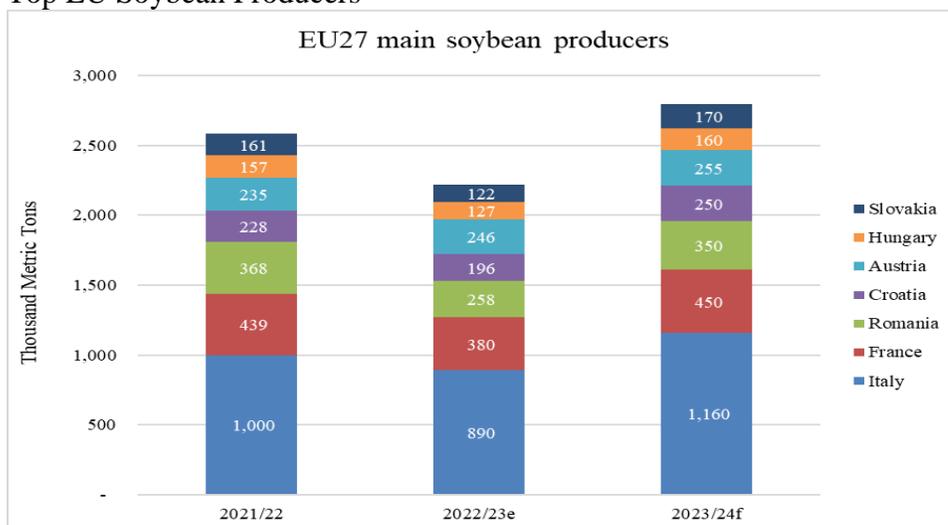
e = estimate, f = forecast

Source: FAS EU

While wet conditions at harvest and incidental cold spells are currently the key challenges for extending European soybean production, droughts and heatwaves will become the dominant limitations. Projections suggest a substantial increase in soybean production area and productivity in Central Europe, while southern European production will become increasingly dependent on irrigation.

With stable areas, Italy remains the main soybean producer of the EU, followed by France, and Romania.

Figure 9
Top EU Soybean Producers



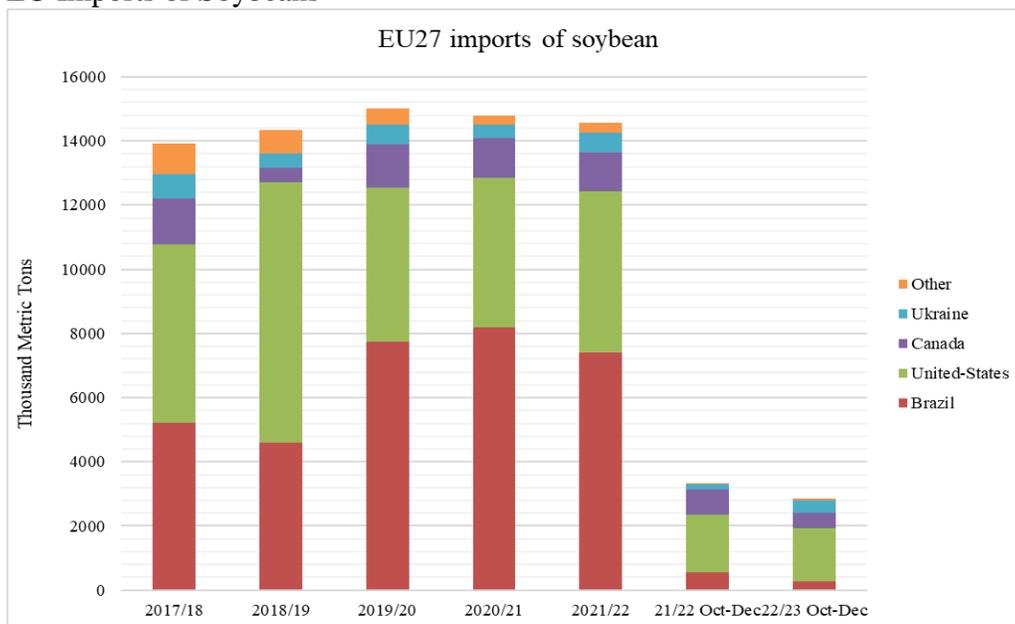
e = estimate, f = forecast

Source: FAS EU

The increase in soybean planted area in the EU is fueled by a combination of different factors including the current high commodity prices, increased public demand for local non-GM soy, and limited access to fertilizers.

Russia’s invasion of Ukraine in February 2022 caused major disruption in grain markets. The war also sparked a global mineral fertilizer crisis, and European countries are heavily reliant on imports of fertilizers due to limited local availability of essential inputs. Soybean is less nitrogen fertilizer dependent than other crops, such as rapeseed.

Figure 10
EU Imports of Soybeans



Source: TDM (Trade Data Monitor)

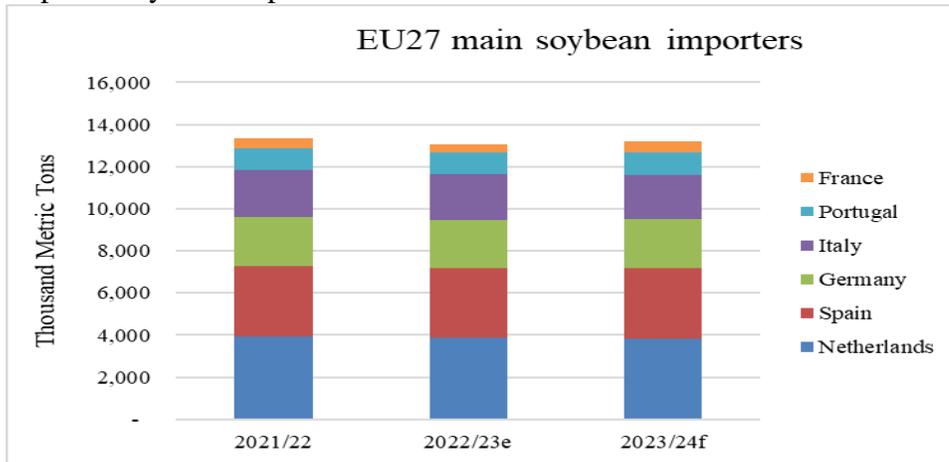
The European Union is a net soybean and soybean product importer. Soy imports surpassed EU imports in MY 2002/03.

Depending on availability, the EU’s main soybean suppliers are Brazil, the United States, and Canada. In MY 2021/22 and for the second year in a row, Togo remained the first exporter of organic soybeans to Europe. Leading importers in the EU are the Netherlands, Spain, Germany, and Italy. These four countries are also the main crushers and while producing few soybeans (except for Italy, leading producer), their crushing facilities are essential to the local feed and oil market.

Feed demand is driving the EU soybean market. However, most member states (MS) are reporting decreasing livestock numbers and, subsequently, imports of soybeans and soybean meal year after year. The number of livestock farms in Europe with animals dropped by 40 percent over a 10-year period according to EU Commissioner for Agriculture, Janusz Wojciechowski. Furthermore, EU livestock farmers have recently experienced different crises, including the pork industry crisis, with soaring feed costs and dropping prices, and one of the worst outbreaks of avian influenza ever recorded.

While livestock numbers are going down in Europe, the impact of climate change on feeding patterns could create new opportunities for soybeans and soybean products. During the summer heatwaves of 2022, farmers from several MS reported that they had to supplement ratios because pastures, burnt by the sun, were becoming scarce.

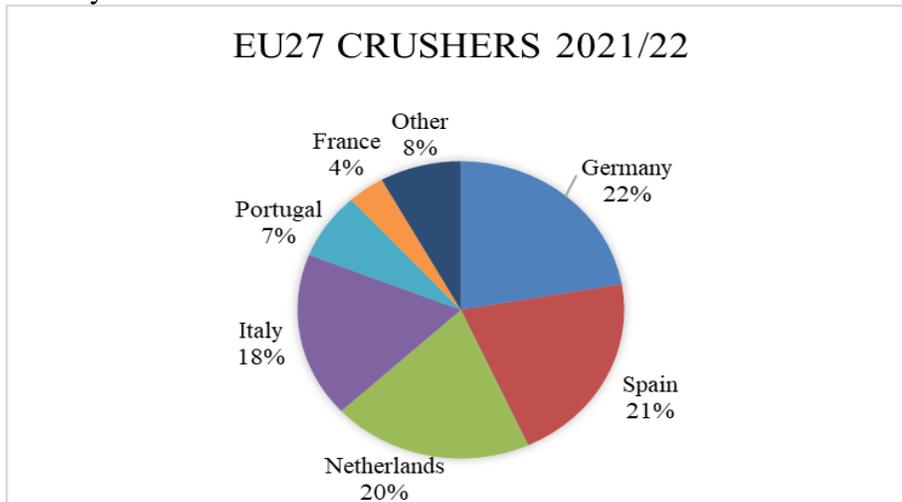
Figure 11
Top EU Soybean Importers



e = estimate, f = forecast

Source: FAS EU

Figure 12
EU Soybean Crushers MY 2021/22



Source: FAS EU

Soybean is the most important oilseed crop imported into the EU, ahead of rapeseed. On 6 December 2022, the EU adopted a proposed regulation on deforestation free supply chains that covers soybeans and soybean products. See the Policy section of this report for full details. This regulation could have a significant impact on Brazilian, Argentinian, and U.S. imports, and at the same time, it could favor exports from neighboring countries such as Ukraine.

MY 2023/24

Europe experienced an unusual winter this MY, with a great deal of precipitation in some Eastern MS and severe dry spells in Western ones. The situation is worrying in countries such as Italy and France, where some localities are already restricting water access. March brought some precipitation, and yields are expected to be better than in 2022/23, but the situation remains uncertain.

Area is forecast to increase by nine percent as soybeans are being favored over other crops, such as corn. Production is estimated to grow by twelve percent, but summer heatwaves could impact yields. Italy is forecast to record a big increase, and if this happens, EU soybean production could reach a new record high.

Imports are expected to be up from the year before but still under MY 2021/22 levels. Brazil is the EU's top supplier. Ukraine, the EU's fourth largest supplier, is expected to favor soybean in light of high prices and strong global demand. European supply is getting closer to 2021/22 levels.

Exports are projected to be down for the second year in a row. It is unlikely that trade with Russia, the EU's top export destination, will regain levels of previous years. Furthermore, strong inflation is negatively impacting the British market, the EU's third largest export destination.

Crush is forecast to be up. Soybean prices should decrease as global supply increases, while crushing margins should remain profitable to meet the demand in feed and oil.

MY 2022/23

MY 2022/23 has been an extraordinary year in many aspects, with soaring prices of commodities, energy, and transport; limited access to fertilizers; and climatic episodes leading to dropping yields. Europe experienced one of its hottest and driest summers ever recorded. By August 2022, the European Drought Observatory said that more than 60 percent of land in the EU and the UK was under some kind of drought warning or alert. South American crops trended downward, and world supplies were tighter.

After months of skyrocketing prices, the combination of good harvests being reported from Brazil and the announcement of Russia's acceptance to extend the humanitarian corridor allowing Ukraine to export its grain eased the pressure on grain and oilseed prices. However, the situation in the Black Sea region remains fragile.

Consecutive heat waves and drought affected soybean fields for weeks. Consequently, the strong increase in soybean acreage, rising by ten percent, could not compensate for the decrease in yield, thus dragging production down.

Imports are also expected to be down. This will drive European supply down. Following the same trend in the context of high prices and limited supplies, crush is expected to decrease by 2.6 percent and domestic consumption by 2.8 percent.

Despite huge challenges facing the European soy market, the European soy harvest in 2022 remains resilient.

Table 5
Meal, Soybean – Production, Supply and Distribution

Meal, Soybean Market Begin Year European Union	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	15,400	15,500	14,650	15,100		15,500
Extraction Rate	0.790	0.784	0.79	0.77		0.79
Beginning Stocks	546	546	740	884		772
Production	12,166	12,150	11,574	11,650		12,245
MY Imports	16,840	16,500	16,400	16,000		15,300
Total Supply	29,552	29,196	28,714	28,534		28,317
MY Exports	770	770	775	820		570
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	28,000	27,500	27,350	26,900		26,600
Total Dom. Cons.	28,042	27,542	27,392	26,942		26,642
Ending Stocks	740	884	547	772		1,105
Total Distribution	29,552	29,196	28,714	28,534		28,317

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

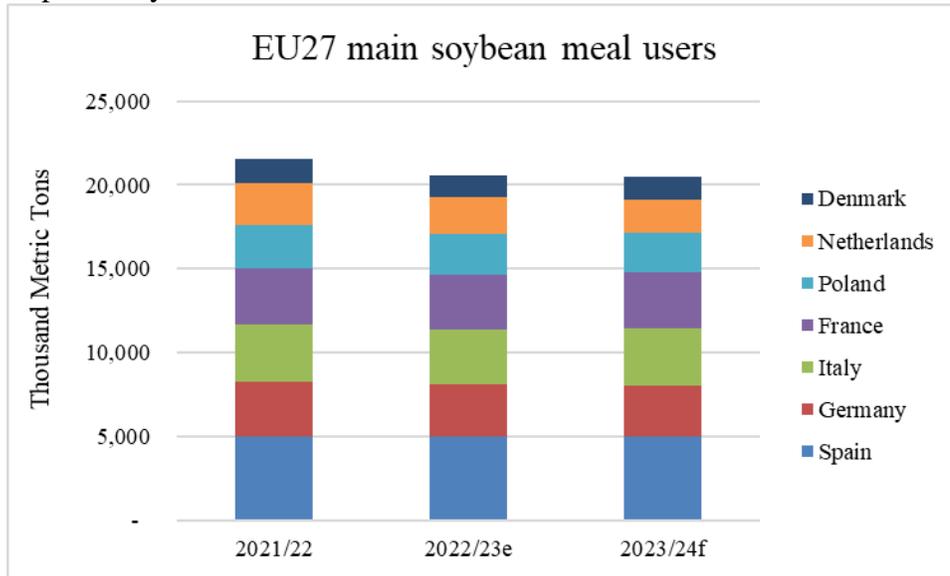
Source: FAS EU

Soybean meal is mainly used for the European pork and poultry industries. The pork sector continues to struggle in the main producing countries (Germany, Belgium, and France). Moreover, with the current high energy and feed costs and producers closing their farms or retiring without a new owner, the industry is declining.

In 2022, the EU experienced the largest avian influenza (HPAI) epidemic ever recorded across its territory. The peak for infections was in November 2022. Since then, the number of new outbreaks in poultry has declined, according to the European Food Safety Authority and other agencies.

However, a resurgence in outbreaks affecting poultry may be seen in the coming months because of the spring migrations of wild birds. At the time of writing, as stated in Animal Disease Information System of the European Commission, 194 outbreaks had been reported to date in commercial poultry flocks across Europe.

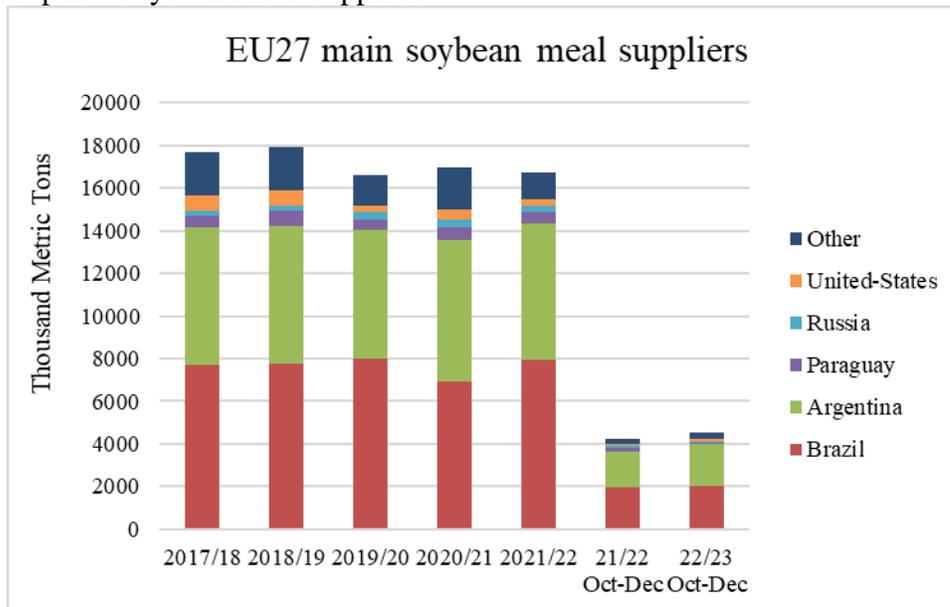
Figure 13
Top EU Soybean Meal Consumers



e = estimate, f = forecast
Source: FAS EU

The top soybean meal consumers in the EU remain Spain, Germany, Italy, France, and Poland. At the same time, all are following a downward trend as demand for feed diminishes yearly.

Figure 14
Top EU Soybean Meal Suppliers



Source: TDM

Regardless of climatic episodes impacting harvests, the top soybean meal suppliers to the EU have remained stable over the last 5 years: Brazil and Argentina, alternating between first and second place.

While the cultivation of genetically engineered (GE) soybeans is banned in the EU, most (the exact figure is unavailable) of the soybeans and soybean meal imported by European MS is genetically engineered. There are some local labelling initiatives for “Fed with GM-free feed” products but they remain niche. As most European MS are facing strong inflation, price is trumping GE-free marketing initiatives for now.

MY 2023/24

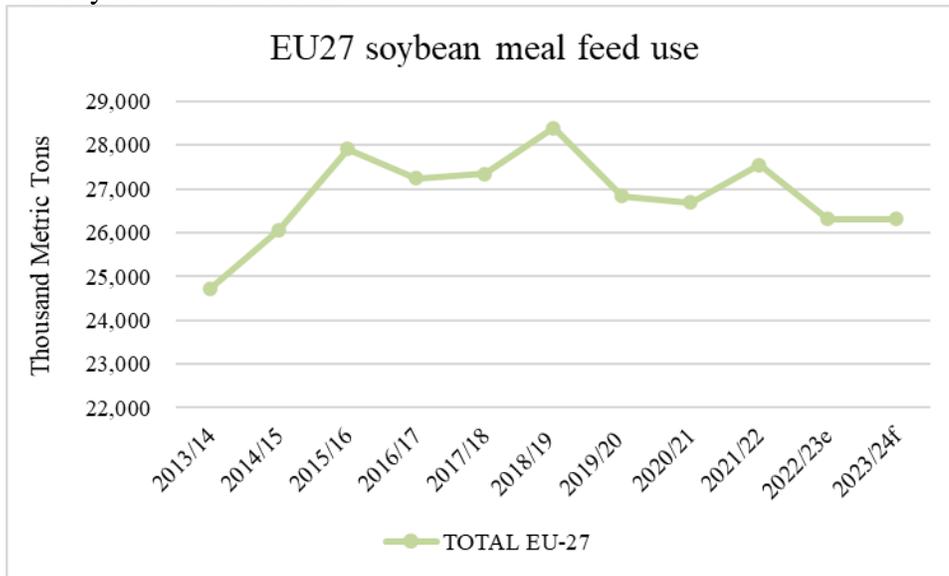
Assuming normal yields, soybean production should be up and most of the production and imports will be utilized by the European crush industry. Meal production should grow above 2021/22 levels. On the other hand, imports are forecast to be down. As the avian influenza outbreak will likely be brought under control, European soybean meal will benefit from a recuperating poultry industry and increased focus on meals produced in the European Union with the European regulation on imported deforestation set to be implemented in 2024/2025.

Contrary to the previous year, exports are expected to be down significantly, dropping by 30 percent, as global supply should be high and European prices less competitive.

MY 2022/23

In a context of high prices, limited availability and fluctuating demand, soybean meal production is forecast to be down. Imports are also diminishing, especially from Paraguay, which is experiencing a severe drought.

Figure 15
EU Soybean Meal Feed Use



e = estimate, f = forecast

Source: FAS EU

Summer droughts across Europe have led to a drop in grain and cereals production. This has raised animal feed prices which, combined with a lack of pastureland, could potentially have a strong impact on European poultry and pork production. Feed use is down by 2.2 percent, following a downward trend

dating back to 2018/19. However, the EU has a reliable crushing industry. Demand for oil-maintained crush margins led to increased exports to the United Kingdom, Switzerland, and Türkiye.

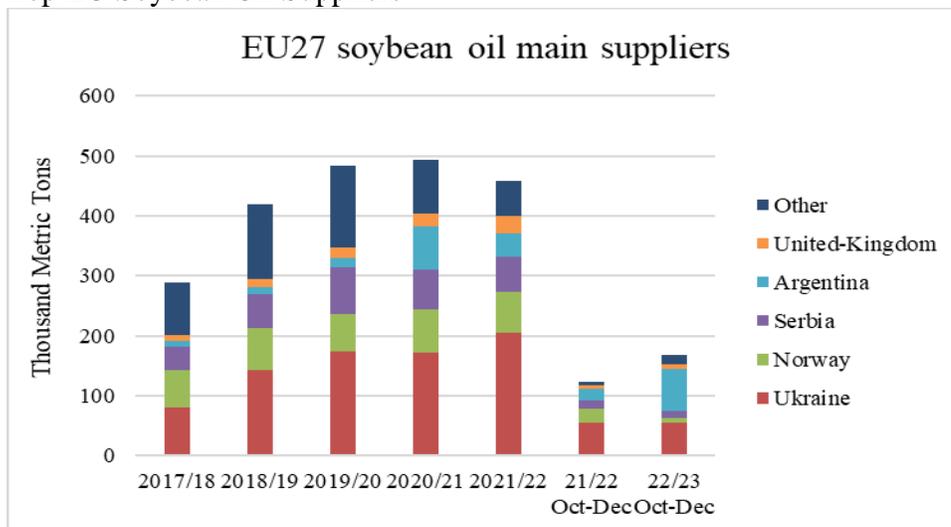
Table 6
Oil, Soybean – Production, Supply and Distribution

Oil, Soybean Market Begin Year European Union	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	15,400	15,500	14,650	15,100		15,500
Extraction Rate	0.190	0.187	0.190	0.185		0,190
Beginning Stocks	441	441	455	509		369
Production	2,926	2,900	2,784	2,800		2,945
MY Imports	462	459	450	430		430
Total Supply	3,829	3,800	3,689	3,739		3,744
MY Exports	969	971	1,075	1,000		1,000
Industrial Dom. Cons.	1,100	1,065	1,100	1,065		1,085
Food Use Dom. Cons.	1,250	1,200	1,125	1,250		1,250
Feed Waste Dom. Cons.	55	55	55	55		55
Total Dom. Cons.	2,405	2,320	2,280	2,370		2,390
Ending Stocks	455	509	334	369		354
Total Distribution	3,829	3,800	3,689	3,739		3,744

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

Source: FAS EU

Figure 16
Top EU Soybean Oil Suppliers



Source: TDM

MY 2023/24

Production is expected to be up, following a higher crush number. Both imports and exports should remain stable. On the other hand, industrial demand for soybean oil could increase as palm oil is being replaced by large industrials because of reputational issues and links to deforestation and the biodiversity crisis.

Soybean oil from exporting countries should be available in sufficient quantities. Global production is projected to be large, and ample supply should drive the prices down, making soybean oil a good industrial and food alternative to other cooking oils.

On September 14, 2022, the European Parliament voted to ban the use of both soybean oil and palm oil as feedstocks for biodiesel production starting in 2023. The vote solidified the Parliament's position on the Renewable Energy Directive ahead of decisive 'trialogue' talks with EU MS and the European Commission to finalize the law. This decision could put the European biofuel soybean oil industry in jeopardy. Countries such as France and Belgium have already made the ban on soybean oil in biofuels official.

MY 2022/23

With crush down, soybean oil production is also diminishing. After some initial panic buying following the beginning of the Russian invasion of Ukraine and the consequent disruptions of the sunflower seed oil market, the demand in soybean oil, perceived as an alternative, settled. This led to a moderate increase in food use across Europe. Globally, oil stocks are relatively high in the main consumer countries and world demand is not very dynamic in the food sector due to high inflation. The EU is, however, still expected to slightly increase its exports to Northern African countries, that usually import from Ukraine.

3. Rapeseed Complex

Rapeseed is the dominant oilseed in the EU, making it together with Canada, one of the world's largest producers of rapeseed and rapeseed products. After reaching a high of 6.5 million hectares in production in MY 2018/19, the rapeseed area in the EU declined and stagnated for a number of years. This changed in the fall of 2021 when farmers began to plant more rapeseed.

In general, EU demand for rapeseed exceeds domestic supply fueling the need to import large quantities to meet the need of oilseed crushers. Ukraine, Canada, and Australia are the major global exporters, and together account for up to 95 percent of EU rapeseed imports. Ukraine is traditionally the most important supplier, with a market share of about 40 percent annually. With Brexit, the UK became a significant third-country trading partner and the largest export market for EU rapeseed.

The main driver of the EU rapeseed market remains demand for rapeseed oil and meal, products that are derived from crushing. Rapeseed oil is mainly used by the biodiesel industry. The EU Renewable Energy Directive and its biofuel policy and mandates on consumption levels determine the industry. Compared with biodiesel, food, and other industrial use of rapeseed oil influence demand to a lesser extent.

The EU is a leading producer and exporter of meat and dairy products and uses rapeseed meal in the livestock sector as a feed ingredient. In the EU market, rapeseed meal competes with soybeans and soybean meal from the United States and other suppliers, as well as domestic sunflower meal and grains, in feed ratios. In dairy production, rapeseed meal has become the dominant protein source while it can only replace soybean meal to a certain extent in meat and poultry production. Due to its high protein content, soybean meal remains the top choice in feed ratios for poultry and pork.

The Impact of the War in Ukraine on the Global Rapeseed Market

Global rapeseed production is expected to increase by over 10 MMT to 85 MMT in 2022/23 according to USDA official data. The increase is primarily driven by higher Canadian production and the Australian crop is on course to reach record levels. In addition to Australia and Canada, the EU, Ukraine, and Russia also contributed to the increase in world production. As a result, there is abundant supply of rapeseed globally. Prospects for global rapeseed production in 2023/24 also indicate another good harvest. The rising global supply of rapeseed is expected to grow quicker than demand, and thus bring down prices.

Russia's invasion of Ukraine on February 24, 2022 significantly impacted global markets. Since the start of the war, crush facilities and ports in Ukraine limited their operations due to damage and worker safety concerns. Other countries imposed sanctions on Russia, limiting trade from the region. Before the war, Ukraine and Russia accounted for about one-fifth of global rapeseed exports and a little more than 15 percent of rapeseed oil exports.

For Europe's rapeseed market, Ukraine is an important player. Europe's demand for rapeseed outstrips its domestic supply which leads to the import of large quantities of rapeseed for crushing. The war in Ukraine impacted the European rapeseed market in MY 2022/23 and will continue to do so in MY 2023/24.

The war in Ukraine creates much uncertainty due to constraints for production, for the operation of crush and storage facilities and logistics by ship, train, or trucks. Ukrainian rapeseed production in MY2023/24 and exports will be lower compared to MY 2022/23 due to an over seven percent decrease in planted area (the final area is forecast at around 1 million ha). Production volume forecast is challenging since farmers may not be able to tend the crop as usual due to a lack of labor and rising prices for fuel, plant protection products, and fertilizer. With rapeseed acreage down and other factors limiting the potential yield, production is forecast to decrease below 2.7 MMT in 2023/24, which is about 17 percent lower compared to MY 2022/23 volume. This would be the lowest rapeseed harvest since MY 2017/18. It limits the potential of EU rapeseed imports from Ukraine.

Table 7
Oilseed, Rapeseed – Production, Supply and Distribution

Oilseed, Rapeseed Market Begin Year	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area	5,334	5,324	5,915	5,879	0	5,980
Beginning Stocks	611	611	617	429	0	1,208
Production	17,216	16,945	19,500	19,454	0	19,300
MY Imports	5,570	5,570	6,525	6,500	0	5,400
Total Supply	23,397	23,126	26,642	26,383	0	25,908
MY Exports	430	447	525	525	0	550
Crush	21,800	21,700	24,200	24,100	0	23,500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	550	550	675	550	0	550
Total Dom. Cons.	22,350	22,250	24,875	24,650	0	24,050
Ending Stocks	617	429	1,242	1,208	0	1,308
Total Distribution	23,397	23,126	26,642	26,383	0	25,908

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

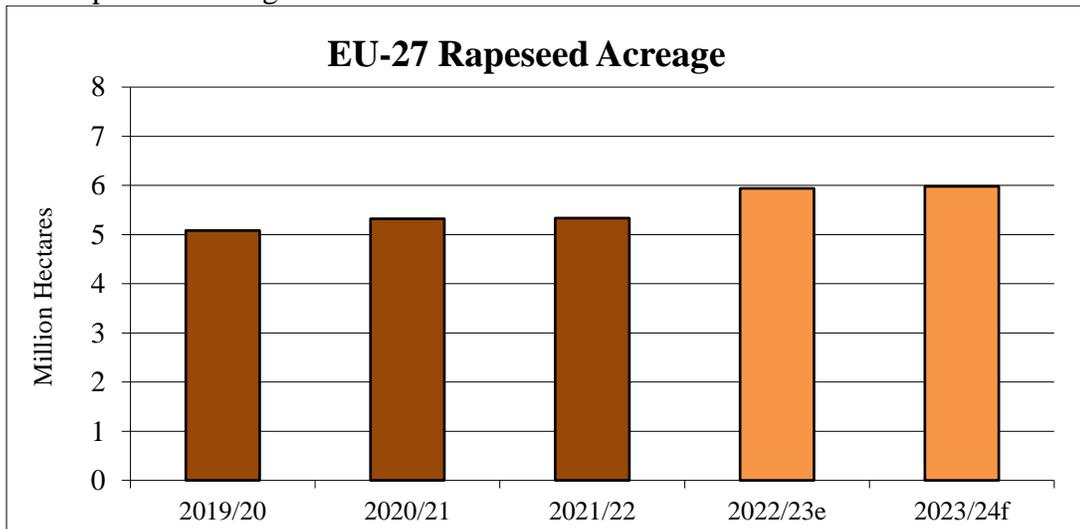
Source: FAS EU

MY 2023/24

In the fall of 2022, farmers in the EU planted 5.98 million hectares of rapeseed. Overall EU farmers increased rapeseed acreage by nearly two percent, when compared to the previous year. This is still over five percent below the 6.3 million hectares cultivated in MY 2018/19. Prices for rapeseed were quite promising at the time of planting but good price prospects were just one factor for planting decisions of farmers. Conditions at planting and the expiration of the exemption to use neonicotinoids in some countries also played a key role with farmers in Poland, France, Bulgaria, and Hungary planting less rapeseed than the previous season. Driven by high prices, farmers in many EU countries planted more rapeseed in fall 2022. In particular, farmers in Romania, Germany, and the Czech Republic increased rapeseed acreage. In Romania, acreage is up sharply since rapeseed was attractive due to favorable prices and a disappointing sunflower harvest in the summer of 2022. This increase in acreage in Romania more than offset reductions in some other EU countries.

Acreage of rapeseed is down in Hungary and Bulgaria and farmers cited the final ban on the use of neonicotinoids as the main reason to plant less rapeseed this season. Neonicotinoids were already banned in most EU countries. Insufficient initial protection due to missing neonicotinoid seed coating leads to higher insect damage and increased frequency of applications of other, less efficient pesticides. All of this significantly increases production costs for farmers and results in decreased competitiveness and attractiveness of rapeseed cultivation.

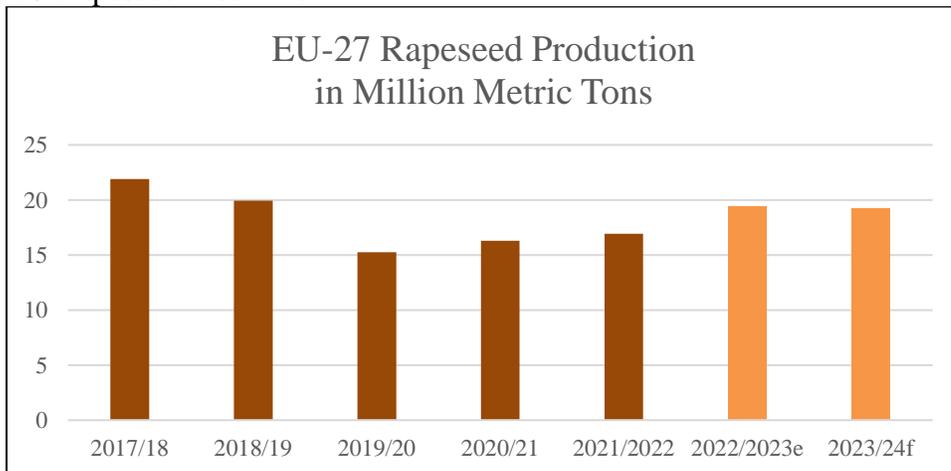
Figure 17
EU Rapeseed Acreage



e = estimate, f = forecast
Source: FAS EU

With some exemptions planting conditions were generally good throughout the EU and plant development has been satisfactory. There were little reports of winterkill. However, rain is much needed in some parts of Western Europe while precipitation in North and Central Europe looks good and crops in South-Eastern Europe managed to recover partly from dry conditions last fall. The situation is especially worrisome in France since the country is experiencing one of the driest winters in its modern history right after an abnormally hot and dry summer last year. Currently, two scenarios are possible. One is that there could be a very late wet spring with frost episodes and disease outbreaks which would be detrimental for crop development. The other is that if the lack of rain continues, the drought in France could become even worse. Both scenarios would have a significant impact on the harvest.

Figure 18
EU Rapeseed Production



e = estimate, f = forecast
Source: FAS EU

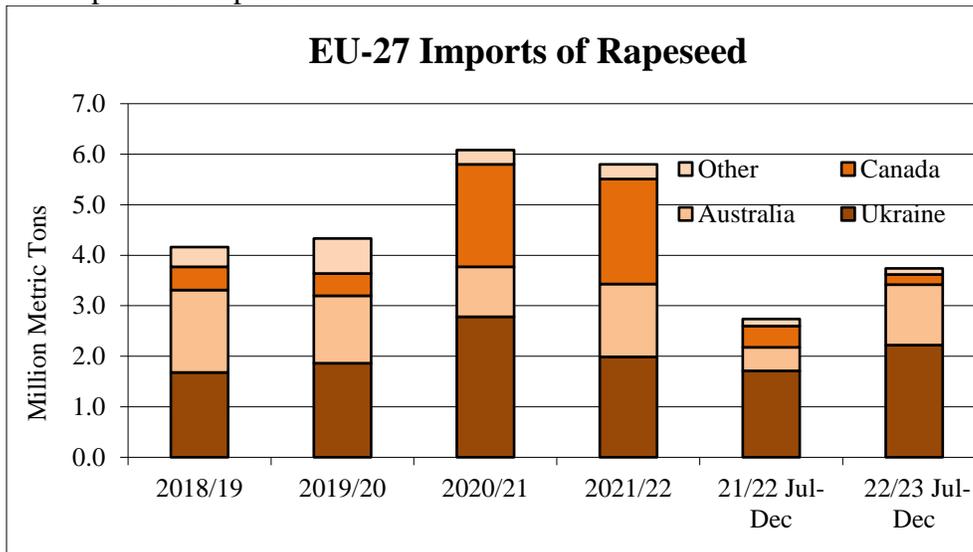
As of mid-March 2023, the forecast for EU rapeseed production is 19.3 MMT (million metric tons), which is slightly below the level of the previous MY. Though acreage increased, this forecast is based on lower yields. Yields are expected to be lower in many countries, but especially in France. Crop potential will mostly depend on favorable growing conditions in spring and summer in the major rapeseed regions. Precipitation in late March and April in France will be critical, since together with Germany, it is the most important rapeseed producer in the EU.

There continues to be an abundant supply of rapeseed in MY 2023/24 fueled by high domestic production, replenished stocks and large exportable supplies worldwide. Crush margins for rapeseed are expected to be not as profitable as in MY 2022/23 since there is more competition with soybeans and sunflower seed. Crush margins for soybeans have improved and the outlook is quite positive with the drought in Argentina, which will decrease the supply of soybean meal. Then, there is abundant supply of sunflower seed. This is likely to result in a lower crush of rapeseed in MY 2023/24 and lower imports since there is good supply of domestic production and large stocks. Ukraine, the main supplier of rapeseed to the EU, is also expected to have less exportable supplies. EU ending stocks of rapeseed are forecast to increase slightly since overall supply is expected to exceed demand.

MY 2022/23

Driven by high prices EU farmers increased rapeseed acreage by over ten percent to 5.88 million hectares in MY 2022/23. Production increased by nearly fifteen percent to 19.45 MMT since average yields were better than the previous season. The EU rapeseed harvest has been the best since MY 2014/15. The bumper crop was much needed since EU rapeseed production was down the three previous seasons and ranked among the lowest total production since MY 2012/13. EU rapeseed crush margins in the current season have been extremely good with good prices for rapeseed meal and rapeseed oil. Even with the better domestic crop, demand of oilseed crushers exceeded supply, which led to the import of large volumes of rapeseed from Australia and Ukraine. Volumes from Canada were down due to low availability and high prices as a result of the drought and a bad crop. Shipments from Ukraine and Australia more than offset missing Canadian supply. EU imports are currently on track to reach record highs in MY 2022/23.

Figure 19
EU Imports of Rapeseed



Source: TDM

MY 2022/23 started with large imports from Ukraine. Arrivals from Ukraine are usually frontloaded in the first months of a MY. This time, high prices at the start of the season and the risk of potential losses of stored rapeseed due to the war with Russia prompted Ukrainian farmers to sell their crop even earlier. Most Ukrainian rapeseed was shipped to the EU and is reportedly still stored in Romania, Poland, and other neighboring countries. Crushers preferred domestic produce first and then transitioned to very competitive rapeseed from Australia. Good crush margins for rapeseed led to an increase in crush. Facilities that could switch crushed rapeseed instead of sunflower seed or soybeans. Some crush facilities operated at or close to maximum capacity. This is forecast to result in record crush of rapeseed in MY 2022/23. The large availability of domestic rapeseed leads to slightly higher exports. There were higher exports to several countries and in particular the United States, has emerged as a destination for EU rapeseed. Ending stocks of rapeseed are expected to increase strongly due to good supply of domestic rapeseed and large imports.

Rapeseed Meal

Demand for rapeseed meal in the EU continues to be good. Increasing numbers of farmers in MS use rapeseed meal in feed ratios in the dairy sector (for instance in Germany, Austria, and Bulgaria) and increasingly it is incorporated in swine and poultry production. This is also a result of growing demand for GMO free feed ingredients in milk production, which is required by retail chains (and thus processors) in Germany, Austria, Slovakia, and the Czech Republic. In Poland, swine and poultry are the main consumers of rapeseed meal. In recent years very favorable prices of rapeseed meal, when compared to other feed protein meals, contributed to the growing demand as well.

Table 8
Meal, Rapeseed – Production, Supply and Distribution

Meal, Rapeseed Market Begin Year	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	21,800	21,700	24,200	24,100	0	23,500
Extr. Rate	0.57	0.57	0.57	0.57	0	0.57
Beginning Stocks	313	313	305	304	349	391
Production	12,426	12,369	13,794	13,737	0	13,395
MY Imports	575	575	550	550	0	500
Total Supply	13,314	13,257	14,649	14,591	0	14,286
MY Exports	709	703	700	700	0	650
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	12,300	12,250	13,600	13,500	0	13,250
Total Dom. Cons.	12,300	12,250	13,600	13,500	0	13,250
Ending Stocks	305	304	349	391	0	386
Total Distribution	13,314	13,257	14,649	14,591	0	14,286

(1000 MT), (PERCENT)

Source: FAS EU

MY 2023/24

EU rapeseed meal production is expected to decrease slightly, hand in hand with lower crush. Due to ample supply, prices for rapeseed meal are expected to stay competitive. Good supply of rapeseed meal in Poland and the Baltic States is likely to reduce imports to a certain extent. In general, consumption of rapeseed meal is forecast to decrease slightly due to less supply. Demand for rapeseed meal is expected to stay good though stock livestock numbers continue to decrease. Its use in feed ratios is needed due to the demand for GMO free feed. A lower supply of rapeseed meal will also decrease exports to a certain extent. Ending stocks are expected to be stable.

MY 2022/23

EU production of rapeseed meal in MY 2022/23 is estimated to be much higher than originally expected. Crush is set to reach record levels which leads to an abundant supply of rapeseed meal on the EU market. This leads to slightly lower imports of rapeseed meal while exports are forecast to stay flat. EU rapeseed meal continues to be in good demand in Norway, the UK, Israel, and Switzerland. Use of rapeseed meal in feed ratios is expected to increase, drastically replacing soybean meal, sunflower meal, and grains to a certain extent. Abundant supply of rapeseed meal will lead to higher stocks at the end of the MY.

Rapeseed Oil

Demand for rapeseed oil in the EU is largely defined by biofuel policy and industry, as most rapeseed oil from crushing is used for biodiesel production. Production and consumption of rapeseed oil for food consumption remains fairly stable. Political and regulatory support for rapeseed oil as a primary biodiesel feedstock is on the decline, as the EC sets caps for food crop-based biofuels, and the raw materials that qualify for double counting become more prominent.

For more information on the EU biodiesel market, please see the website of our Office of Agricultural Affairs at the [U.S. Mission to the European Union](#) which contains the latest EU biofuels report and information about the Renewable Energy Directive of the EU: <https://usda-eu.org/sustainability/bioenergy/>. For more information about the EU biofuels market see the [EU Biofuels Annual 2022](#). The 2023 report will be published later this year and will present more detailed information about rapeseed oil and biodiesel production in the EU.

Table 9
Oil, Rapeseed – Production, Supply and Distribution

Oil, Rapeseed Market Begin Year	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	21,800	21,700	24,200	24,100	0	23,500
Extr. Rate	0.42	0.42	0.42	0.42	0	0.42
Beginning Stocks	211	211	398	379	412	501
Production	9,156	9,114	10,164	10,122	0	9,870
MY Imports	593	591	425	400	0	400
Total Supply	9,960	9,916	10,987	10,901	0	10,771
MY Exports	337	337	850	850	0	700
Industrial Dom. Cons.	6,600	6,700	6,900	6,950	0	7,000
Food Use Dom. Cons.	2,575	2,450	2,825	2,550	0	2,500
Feed Waste Dom. Cons.	50	50		50	0	50
Total Dom. Cons.	9,225	9,200	9,725	9,550	0	9,550
Ending Stocks	398	379	412	501	0	521
Total Distribution	9,960	9,916	10,987	10,901	0	10,771

(1000 MT), (PERCENT)

Source: FAS EU

MY 2023/24

Rapeseed oil production is down slightly due to lower EU rapeseed production, which drives crush. The lower supply of rapeseed oil on the EU market is forecast to result in decreased food use since the supply of sunflower oil is expected to increase at competitive prices. It is expected that more rapeseed oil will be used in biofuels further replacing palm oil. How much rapeseed oil will be used in biofuels remains to be seen, since the food versus fuel debate is back with possible policy actions. Imports are

forecast to be stable, while exports are expected to be down due to lower supply and competition with other vegetable oils on global markets. Ending stocks of rapeseed oil are forecast to increase slightly.

MY 2022/23

This MY is characterized by a huge increase in production, slightly increased biodiesel consumption and food consumption, lower imports, and skyrocketing exports. High exports and lower imports are based on abundant supply of rapeseed oil on the market. Use of rapeseed oil in food is increasing since it is replacing olive oil and sunflower oil due to low supply of both during MY 2022/23. The EU has committed to phase out palm oil use in biodiesel production by 2030. Thus, the use of rapeseed oil in biofuels is increasing since the industry has begun phasing out palm oil to be used in biofuel and replacing it with rapeseed oil to a certain extent. Abundant supply of rapeseed oil will lead to an increase in ending stocks.

4. Sunflower Complex

The Impact of the War in Ukraine on the Global Sunflower Market

Russia's invasion of Ukraine on February 24, 2022 significantly impacted global markets. Since the start of the conflict, sunflower crush facilities have suspended or reduced operations due to damage and worker safety concerns. Other countries have imposed sanctions on Russia limiting trade from the region. Before the war, Ukraine and Russia collectively accounted for about one-third of global sunflower seed exports, 79 percent of global sunflower meal exports, and 77 percent of sunflower oil exports.

Ukraine is the most important player for the European sunflower products market. Europe's demand for sunflower seeds and products outstrips its domestic supply which leads to significant imports. The EU traditionally sources about 50 to 70 percent of sunflower meal imports and 80-90 percent of its imports of sunflower oil from Ukraine.

In MY 2021/22, Ukraine had a record sunflower crop of 17.5 MMT and high stocks of sunflower seeds. EU imports from Ukraine changed significantly following the Russian invasion. Unlike in the past when the EU imported mainly sunflower meal and oil from Ukraine, after February 2022 the EU imported a record high quantity of sunflower seeds (1.8 MMT). This is more than double compared to MY 2020/21, of which 67 percent were from Ukraine (1.2 MMT) despite logistical challenges. Imports of processed products (meal and oil) also increased albeit not so drastically. Imports of meal grew by six percent and of oil by 36 percent. Ukraine accounted for 36 percent of the EU's sunflower meal imports and 81 percent of sunflower oil imports. According to TDM data, monthly exports of sunflower seeds from Ukraine to the EU decreased in March-June 2022, compared the corresponding months in 2021 but began to exceed the previous year's volumes in July-September 2022, at the end of the MY. This contributed to higher crush in the EU and resulted in more accumulated ending stocks in MY 2021/22.

Currently, there are still many unknowns about Ukrainian sunflower production and exports in the upcoming MY 2023/24. Estimates in this report are based on the assumptions for a potentially higher sunflower crop in Ukraine due to expected growth in planted area, and likely reduced crush for various war-related reasons. Still, Ukrainian farmers and processors are likely to try to establish crush of available sunflower seed stocks in order to export sunflower oil to the EU, mainly via land routes.

Table 10
Oilseed, Sunflower seed – Production, Supply and Distribution

Oilseed, Sunflower seed Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	4,358	4,378	4,815	5,180	0	5,200
Beginning Stocks	401	401	623	672	0	627
Production	10,249	10,288	9,475	9,300	0	10,500
MY Imports	1,794	1,794	2,900	2,200	0	1,300
Total Supply	12,444	12,483	12,998	12,172	0	12,427
MY Exports	396	396	600	500	0	600
Crush	10,400	10,300	10,900	9,850	0	10,000
Food Use Dom. Cons.	515	600	515	680	0	700
Feed Waste Dom. Cons.	510	515	510	515	0	515
Total Dom. Cons.	11,425	11,415	11,925	11,045	0	11,215
Ending Stocks	623	672	473	627	0	612
Total Distribution	12,444	12,483	12,998	12,172	0	12,427

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

Source: FAS EU

MY 2023/24

Following a severe summer drought impacting yields and production, along with a dynamic and volatile sunflower market in the current year, EU farmers are reporting that they will continue to expand sunflower area. Further growth in sunflower area is limited since it already grew by a record 18 percent in MY 2022/23 compared to MY 2021/22. Area expansion also faces limitations due to crop rotation practices. As of March 2023, all major EU producer countries have applied a ban on the use of neonicotinoids, with the exception of Romania which issued a derogation. Still, sunflower remains a preferred crop due to its higher resilience to dryness and lower requirements for nitrogen fertilizers compared to other spring crops (mainly corn). Attractive prices of sunflower seeds, lower production costs compared to alternative spring crops, and strong crush demand are the main reasons for a higher area planted in MY 2023/24. France expects the largest area expansion, followed by Italy and Bulgaria. This increase exceeds the declines in Romania, Germany, and Greece, while the rest of the MS expects area to remain largely unchanged.

Following sharply reduced yields in MY 2022/23, a recovery is expected in MY 2023/24. The level of input applications may improve and contribute to a growth in average yields. The projected increase in average yields (estimated at 2.0 MT/HA compared to 1.8 MT/HA last year) is expected to result in 13 percent higher production (10.5 MMT) compared with the current season (9.3 MMT). This forecast may be modified depending on weather conditions.

Improved domestic supply and expected good availability of exportable sunflower seeds from the Black Sea region are projected to motivate strong demand for crush in the EU. EU crush is expected to grow by 2 percent to 10.0 MMT, but better local availabilities will likely reduce the need to import compared

to the current MY. Imports are forecast to decline sharply to 1.3 MMT compared to the record high volume in MY 2022/23. Despite logistical challenges, the most likely origin remains Ukraine which expects a higher sunflower crop. Crush margins are projected to be attractive supported by improved demand for sunflower oil and meal on the EU market. The largest increases in crush are forecast for Hungary, France, Romania, Bulgaria, and Austria, followed by Italy. Spain expects stable crush while the Netherlands, Belgium, and Greece report declines. EU crushers may face competition between sunflower seeds and improved world availability of soybeans.

MY 2022/23

The latest estimate confirms significantly lower sunflower seed production, ten percent less than last season. The summer drought and high temperatures negatively impacted yields, which declined 23 percent (to 1.8 MT/HA from MY 2021/22), despite an 18 percent growth in area harvested. As a result, a substantial decrease in production compared to the previous season was registered in Romania, Hungary, France, and Italy, offsetting marginal increases in Bulgaria, Spain, Germany, Poland, and Greece.

The EU lower domestic supply combined with price-competitive exports from Ukraine, has resulted in elevated imports of sunflower seeds to meet the demand of EU crushers. For the first quarter of the MY, EU imports grew more than fourfold compared to the corresponding period in MY 2021/22. The latest data of [EU Customs](#) (as of March 21), indicates imports at 1.94 MMT, more than fivefold higher than last year (based on MY starting from July 1-June 30). About 87 percent of imports were sourced from Ukraine. These imports, however, were unevenly distributed among MS. Due to logistical and financial reasons, the main imports were in Eastern Europe. Data shows that the largest importers to date have been Bulgaria (40 percent of total EU imports), Romania (22 percent) and Hungary (16 percent), followed by smaller imports in France, Spain, and Portugal. In Bulgaria and France these imports supported higher crush despite lower domestic availabilities. For the second half of the MY, imports are expected to slow down due to depleting exportable stocks in Ukraine and shrinking production due to a drought in Argentina which traditionally exports sunflower seeds to the EU in this period. The current estimate for EU imports in MY 2022/23 is at 2.2 MMT.

The EU crush in the current MY has been affected by the deficit of locally produced sunflower seeds despite record high imports, and by competition with the more abundant EU supply of rapeseed. Although crush margins remain attractive, they have been lower than in MY 2021/22 and recently, close to those for rapeseed. The latest industry data (source: [FedOil](#)) for October 2021 – February 2022 shows a decline in EU crush of 7.7 percent compared to a year ago. Crush margins were impacted by the declining prices of sunflower oil due to a general price decrease for vegetable oils, and by the lower demand for sunflower meal due to reduced EU feed consumption. Countries reporting growth in crush this year are France, Bulgaria, Germany, Belgium, and Croatia while all other MS are seeing steady or reduced crush. Currently the estimate for the EU crush is at 9.85 MMT, a 4.4 percent decline compared to MY 2021/22.

The food use of sunflower seeds in the EU is on the rise. EU MS report increased application of shelled sunflower seeds in the food industry (bakery, confectionary, and in snacks) as well as in cooking and in the food service industry. The main driver for this trend is consumer demand for products to achieve a healthier lifestyle. Sunflower seeds are seen as an affordable seed. They are also appreciated for not containing trans-fats and being rich in fiber and protein.

Despite lower domestic supply, EU exports of sunflower seeds have the potential to recover. In the first quarter of the MY, EU exports of sunflower seeds were 12 percent lower than in the corresponding period of the previous season (TDM data). The main markets were Türkiye (56 percent share in total EU exports), China (12 percent) and the United States (7 percent). The top EU exporters were Romania and Bulgaria. Gradually, exports have increased and as of March 21, are only 7 percent lower than last year (source: [TAXUD](#)). The expectation is that exports may benefit from less attractive domestic crush and increase in the second half of the MY to exceed last year’s levels. Countries with accumulated stocks in Eastern Europe are likely to be motivated by faster exports to free up storage with the approach of the new harvest. Import demand by traditional importers is forecast to be strong and the EU may increase its share in world exports due to reduced exportable supplies in Ukraine, Argentina, and Russia.

Ending stocks in MY 2022/23 are estimated to decline due to a shorter domestic EU crop. However, these stocks are also estimated to remain at an elevated level due to dynamic trade and a still higher degree of risk related to uncertainties to supply and logistics in the Black Sea region and Argentina.

Figure 20
EU Sunflower Area and Production

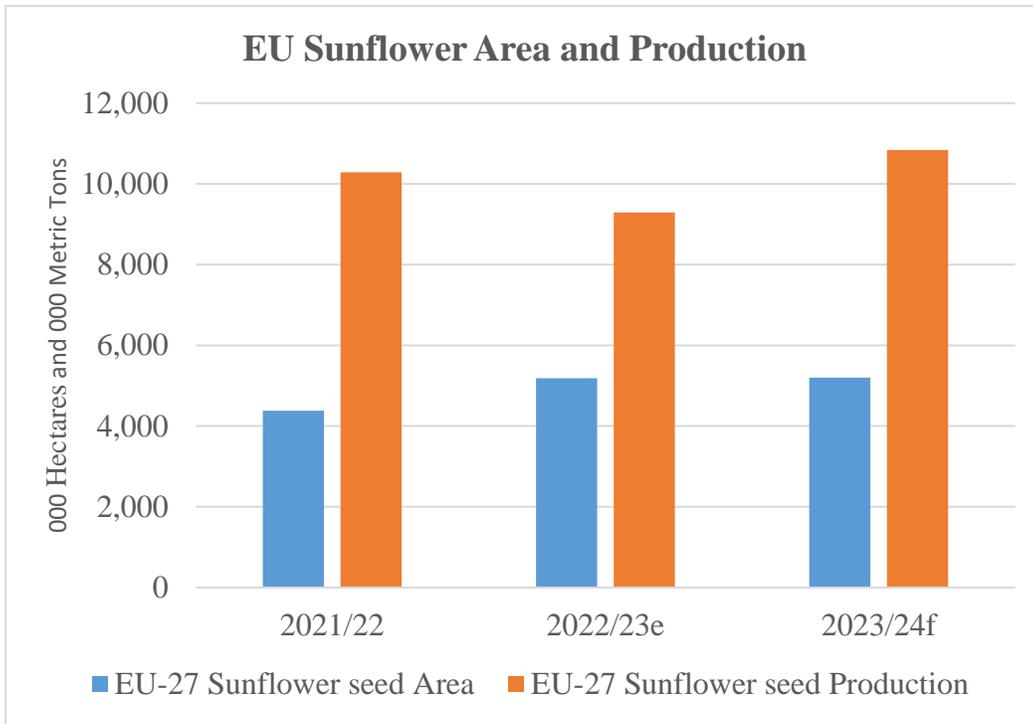
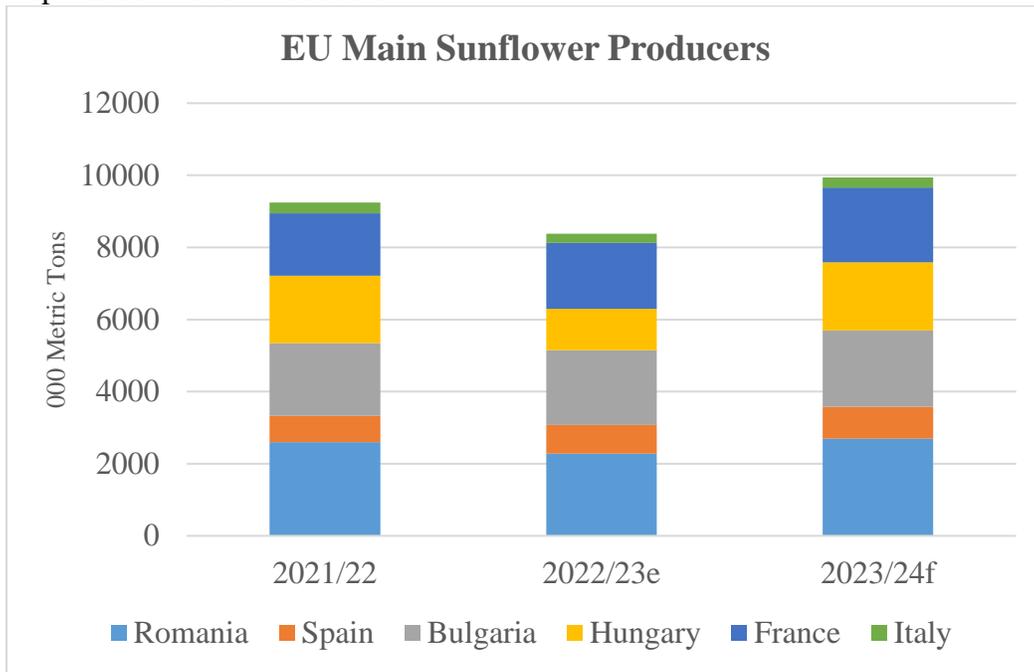


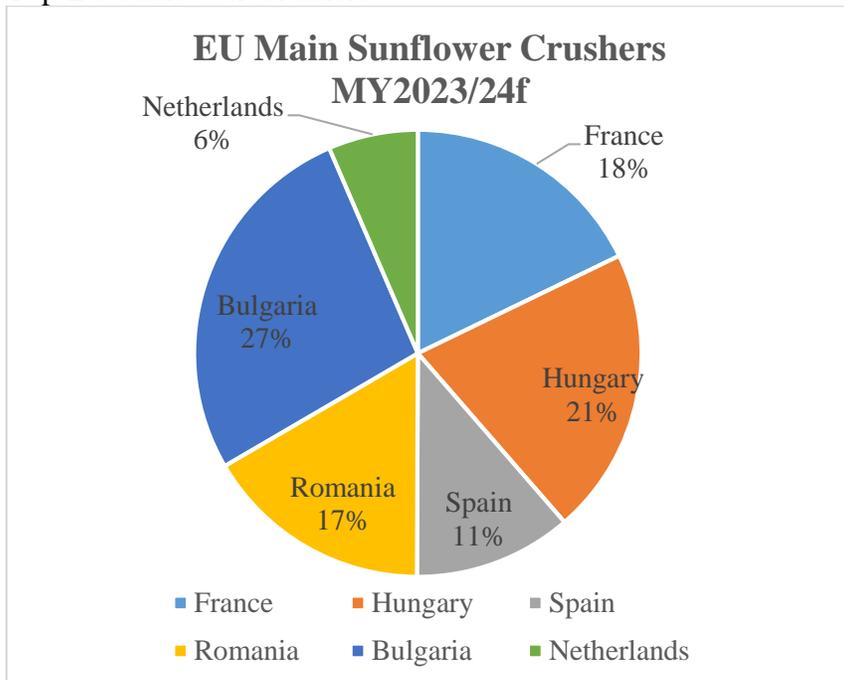
Figure 21
Top EU Sunflower Producers



e = estimate, f = forecast

Source: FAS EU

Figure 22
Top EU Sunflower Crushers



e = estimate, f = forecast

Source: FAS EU

Table 11
Meal, Sunflower seed – Production, Supply and Distribution

Meal, Sunflower seed Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	10,400	10,300	10,900	9,850	0	10,000
Extr. Rate,	0.54	0.54	0.54	0.53	0	0.54
Beginning Stocks	125	125	160	208	0	198
Production	5,621	5,550	5,891	5,250	0	5,400
MY Imports	2,589	2,587	2,250	2,400	0	2,380
Total Supply	8,335	8,262	8,301	7,858	0	7,978
MY Exports	990	994	1,000	1,000	0	1,000
Industrial Dom. Cons.	60	60	60	60	0	60
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7,125	7,000	6,950	6,600	0	6,700
Total Dom. Cons.	7,185	7,060	7,010	6,660	0	6,760
Ending Stocks	160	208	291	198	0	218
Total Distribution	8,335	8,262	8,301	7,858	0	7,978

(1000 MT), (PERCENT)

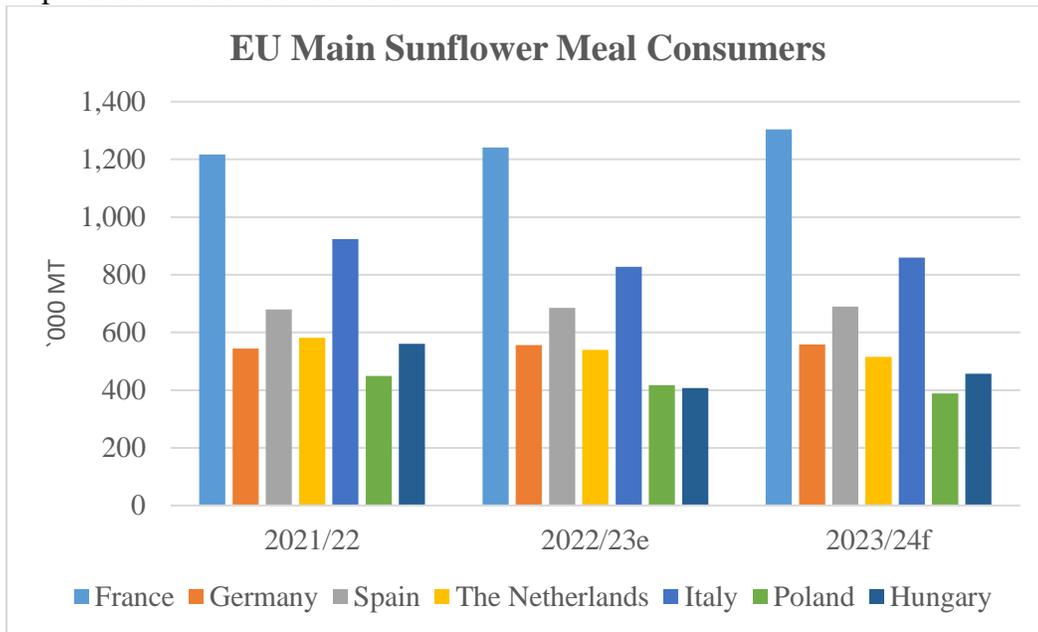
Source: FAS EU

MY 2023/24

Based on a higher crush forecast in the new season, sunflower meal output is projected to adjust accordingly and grow by 2.9 percent compared to the current MY. The elevated production is led by Hungary, France, Romania, Bulgaria, and Austria, followed by smaller increases in Italy, Germany, and Poland, far exceeding marginal declines in Greece, the Netherlands, and Portugal.

Imports of sunflower meal are forecast to decline only slightly despite better domestic availabilities due to a projected recovery in feed demand. The current estimate will likely need to be adjusted to take into account developments in the domestic and geopolitical situations in the traditional suppliers (Ukraine, Russia, Argentina). Sunflower meal is forecast to improve its price competitiveness versus rival meals, especially rapeseed meal, and this is likely to be the main driver for better demand. On the other hand, it may still face strong competition with soybean meal while the overall feed consumption may stay stagnant to low. Still, consumption will likely be supported by demand for non-biotech feed, mainly in Western Europe, and by supply of higher protein sunflower meal by select EU crushers. Improved use and higher incorporation in feed is expected in France, Hungary, Italy, Romania, and Austria, followed by Spain, Portugal, and Germany while the Netherlands, Poland, and the Czech Republic expect a reduction. Exports are likely to be stable while ending stocks are estimated to rebuild due to better total supply.

Figure 23
Top EU Sunflower Consumers



e = estimate, f = forecast

Source: FAS EU

MY 2022/23

The EU is estimated to produce a lower volume of sunflower meal, about 5 percent less than last season, due to reduced crush. Lower production is reported by Hungary, Romania, Spain, Italy, the Netherlands, and Portugal, followed by Austria and Poland, offsetting small growth in France, Bulgaria, Germany, and Croatia. Crushers in most EU countries will likely opt for rapeseed use due to improving margins compared to sunflower seeds, and likely for soybeans in select MS in the second half of the MY.

Estimated reduction in consumption of sunflower meal in the current year is likely to lead to lower imports compared to MY 2021/22, especially in the second half of the season when the competitiveness of rival meals is likely to improve. The current conservative estimate is for imports of 2.4 MMT, or a seven percent decline compared to MY 2021/22. In the first quarter of the MY sunflower meal imports registered a sharp increase (source: TDM). As of March 21, EU Customs data (source: [TAXUD](#)) still shows imports exceeding last year's levels, however, the difference has declined since the beginning of CY2023. The main origins to date have been Ukraine (47 percent), Russia (22 percent), and Argentina (21 percent). It is expected that shipments from the Black Sea region will be more challenging in the second half of the current year due to logistical and trade regime issues (export duty in Russia), along with anticipated lower exportable supplies in Argentina due to its shorter crop and crush. Most EU countries such as the Netherlands, Spain, Italy, Belgium, Latvia, Lithuania, and Bulgaria expect lower imports offsetting projected marginal increases in Poland, France, Germany, Romania, Hungary, Denmark, and Slovenia. The current estimate for imports is subject to adjustment depending on the development of the Black Sea region situation.

The EU's use of sunflower meal is projected to decrease by about six percent compared to MY 2021/22. Use in most EU MS is suppressed due to challenges in the poultry and livestock industry related to

increasing prices of inputs and shrinking profitability. Romania, Hungary, Italy, the Netherlands, Poland, and Greece report lower sunflower meal use while flat or higher use is seen in France, Germany, Denmark, Belgium, and Bulgaria.

Despite shorter total supply in the current MY, exports of sunflower meal are estimated to be steady or higher compared to the previous season due to weaker domestic demand. Early in the season, sunflower meal also enjoyed favorable export demand due to less available sunflower meal from the Black Sea region. In the first quarter of the MY, exports were six percent more than a year ago. As of March 21, the rate of growth in EU exports accelerated and exports were 23 percent higher than a year ago (source: [TAXUD](#)). The top export destinations were China (53 percent), the United Kingdom (13 percent), and Morocco (12 percent). Leading EU exporters were Bulgaria (64 percent of total EU exports) and Romania (12 percent). The current conservative export estimate may be adjusted later in the year depending on crush and domestic feed use developments.

Table 12
Oil, Sunflower seed – Production, Supply and Distribution

Oil, Sunflower seed Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	10,400	10,300	10,900	9,850	0	10,000
Extr. Rate	0.42	0.42	0.42	0.42	0	0.42
Beginning Stocks	176	176	256	391	0	228
Production	4,394	4,350	4,605	4,150	0	4,250
MY Imports	2,001	2,180	1,750	2,100	0	2,200
Total Supply	6,571	6,706	6,611	6,641	0	6,678
MY Exports	852	852	900	900	0	900
Industrial Dom. Cons.	500	500	450	450	0	500
Food Use Dom. Cons.	4,950	4,950	5,050	5,050	0	5,050
Feed Waste Dom. Cons.	13	13	13	13	0	13
Total Dom. Cons.	5,463	5,463	5,513	5,513	0	5,563
Ending Stocks	256	391	198	228	0	215
Total Distribution	6,571	6,706	6,611	6,641	0	6,678

(1000 MT), (PERCENT)

Source: FAS EU

MY 2023/24

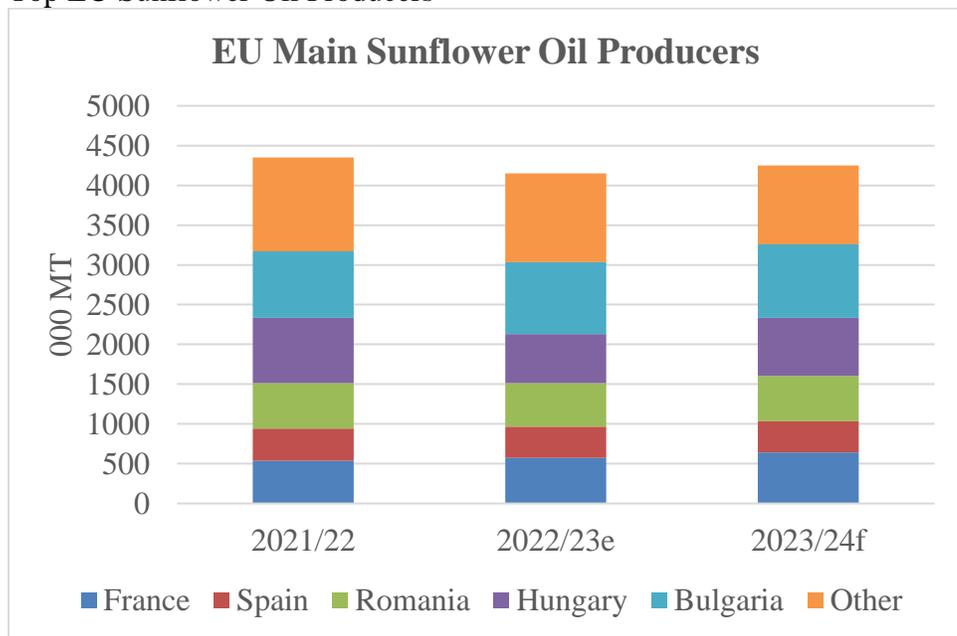
Sunflower oil production is forecast to increase by 2.4 percent as a result of higher crush. Most MS expect steady or increased production. Highest growth is seen in Hungary, France, Romania, Bulgaria, and Austria compensating for small declines in Spain, Belgium, Greece, the Netherlands, and Portugal.

Despite better domestic production, imports of sunflower oil are estimated to grow by about 5 percent to 2.2 MMT due to projected favorable and stable demand for food and industrial use. This will likely

result in a higher total supply in the EU, predetermining a recovery in consumption and stable exports. Consumption is projected to stay at an elevated level of over 5.0 MMT due to expected affordable prices, both in direct retail sales, as well as in the food processing and in the hotel, restaurant and institutional (HRI) industries due to a likely full recovery of tourism and travel. The demand for direct consumption in retail, tourism, and the food service industry is also projected to be supported by a higher number of Ukrainian refugees. France, Romania, and the Netherlands expect higher sunflower oil food use while Spain, Hungary, and the Czech Republic project a decline.

Sunflower oil continues to be the preferred healthy choice of food edible oil in many countries in Central and Eastern Europe. Industrial and biodiesel use of sunflower oil is likely to increase due to its softened price, improved availability, and the need to use more oils for biofuels. The EU’s exports of sunflower oil are forecast to be steady. Ending stocks are estimated to decline marginally.

Figure 24
Top EU Sunflower Oil Producers



e = estimate, f = forecast

Source: FAS EU

MY 2022/23

Sunflower oil output is estimated to decrease by 4.6 percent from the previous season, in line with lower crush. Spain, Romania, Hungary, Italy, and the Netherlands, followed by Austria and Poland report reductions in production. France, Bulgaria, Germany, and Croatia see higher output.

Demand for sunflower oil has improved considerably due to declining prices. The EU food industry has recovered and the previous practice of substituting sunflower oil with rival edible oils has been gradually phased out. Softening of sunflower oil prices made retail sales return to previous levels, and the tourist season in leading EU destinations has exceeded previous expectations. The current estimate is for two percent growth in food consumption compared to MY 2021/22. The situation is not homogeneous. Some MS, such as France and Germany, are reporting some decline, but Spain, the

Netherlands and Portugal are estimating growth in consumption. Industrial use is likely to be lower in favor of more food use. The deficit of olive oil in MY 2022/23 is another factor contributing to growth in food consumption. Despite this increase in demand, sunflower oil use is facing tighter competition with rapeseed oil in the current season.

The EU's imports of sunflower oil are estimated to moderate and be slightly lower in MY 2022/23 versus MY 2021/22. In the first quarter of the MY, imports increased by six percent compared to a year ago (TDM data) due to higher exports from the Black Sea region. However, the situation has changed due to depleting stocks and improved competitiveness of rapeseed oil. As a result, EU imports as of March 21 (source: [TAXUD](#)) were 15 percent lower than last year. Ukraine was the major supplier of sunflower oil to the EU to date (90 percent). France, Spain, Italy, and Bulgaria expect lower imports while Poland, the Netherlands, Romania, and Hungary report higher imports.

Exports of sunflower oil are estimated to increase marginally due to favorable international demand due to more challenging Black Sea region export shipments. In the first quarter of the MY, exports increased by 95 percent compared to a year ago (TDM data). As of March 21, exports were reported at 60 percent higher than last year (source: [TAXUD](#)) to the top destinations of India (33 percent), the United Kingdom (13 percent), and Iraq (12 percent). The current estimate is conservative and may be adjusted later depending on the export abilities of Black Sea region suppliers in the second half of the MY.

Ending stocks are estimated to decline compared to MY 2021/22 when the EU imported higher quantities of sunflower oil at the end of the season and accumulated unusually large ending stocks. In July-August 2021, EU imports of sunflower oil were 37 percent more than in the corresponding period the year before due to higher exports from Ukraine.

5. Palm Kernel Complex

Table 13

Meal, Palm Kernel – Production, Supply and Distribution

Meal, Palm Kernel	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jan 2022		Jan 2023		Jan 2024	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Beginning Stocks	16	16	35	35	0	55
Production	0	0	0	0	0	0
MY Imports	1,505	1,505	1,475	1,550	0	1,450
Total Supply	1,521	1,521	1,510	1,585	0	1,505
MY Exports	56	56	95	60	0	50
Industrial Dom. Cons.	450	500	450	500	0	500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	980	930	940	970	0	900
Total Dom. Cons.	1,430	1,430	1,390	1,470	0	1,400
Ending Stocks	35	35	25	55	0	55
Total Distribution	1521	1521	1510	1585	0	1505

(1000 MT), (PERCENT)

Source: FAS EU

Table 14
Oil, Palm Kernel – Production, Supply and Distribution

Oil, Palm Kernel	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jan 2022		Jan 2023		Jan 2024	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Beginning Stocks	123	123	108	82	0	47
Production	0	0	0	0	0	0
MY Imports	620	585	650	580	0	580
Total Supply	743	708	758	662	0	627
MY Exports	7	8	8	10	0	10
Industrial Dom. Cons.	300	280	300	275	0	270
Food Use Dom. Cons.	320	330	335	325	0	320
Feed Waste Dom. Cons.	8	8	0	5	0	5
Total Dom. Cons.	628	618	635	605	0	595
Ending Stocks	108	82	115	47	0	22
Total Distribution	743	708	758	662	0	627

(1000 MT), (PERCENT)

Source: FAS EU

After three years of decline, EU palm kernel meal imports increased in 2022. The main reason for this recovery is the limited supply of other oilseed meals, in particular soybean meal. In 2023, EU imports and use are forecast to further increase based on ample supply in Asia and continued lower global availability of oilseed meals. Palm kernel meal is commonly the cheapest of the four leading oilseed meals (i.e., soybean, rapeseed, sunflower, and palm kernel), and the three main feed grains (i.e., wheat, corn, and barley). It is mainly used as cattle feed, but also as swine feed (in particular for sows). In 2023, palm kernel meal use is anticipated to increase based on the continuing limited availability of competing oilseed meals. Almost two-thirds of the imported palm kernel meal is used in the Netherlands. However, because the Dutch dairy herd is on the decline, consumption is forecast to stagnate in the Netherlands. A potential growth market is Ireland, whose dairy herd is still expanding. In 2024, EU palm kernel imports are forecast to decline based on an overall shrinkage of the EU livestock herd.

After elevated imports in 2020 and 2021, based on increased use for industrial use for production of soaps and disinfectants, palm kernel oil imports fell back in 2022, particularly from Malaysia. In 2023 and 2024, consumption of palm kernel oil is forecast to dwindle as the use is restricted by the same market and policy constraints as reported for palm oil (see Palm Oil section).

6. Palm Oil

Table 15
Oil, Palm – Production, Supply and Distribution

Oil, Palm	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jan 2022		Jan 2023		Jan 2024	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	588	588	423	244	0	284
Production	0	0	0	0	0	0
MY Imports	4,970	4,970	5,300	5,050	0	4,850
Total Supply	5,558	5,558	5,723	5,294	0	5,134
MY Exports	185	184	150	170	0	160
Industrial Dom. Cons.	3,150	2,500	3,200	2,260	0	2,165
Food Use Dom. Cons.	1,600	2,450	1,700	2,430	0	2,410
Feed Waste Dom. Cons.	200	180	200	150	0	130
Total Dom. Cons.	4,950	5,130	5,100	4,840	0	4,705
Ending Stocks	423	244	473	284	0	269
Total Distribution	5,558	5,558	5,723	5,294	0	5,134

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

Source: FAS EU

After a record import volume of 7.11 MMT in 2020, the EU reduced its imports to 5.95 MMT in 2021, and 4.97 MMT in 2022. During these three years, the most significant cuts were taken by the two main suppliers, Indonesia and Malaysia, which together make up about two-thirds of EU imports. EU imports from the third supplier, Guatemala, steadily increased to about ten percent of the import market between 2020 and 2022. Imports from the top palm oil importing MS (i.e., the Netherlands, Italy, Spain, Germany, Belgium, and France) declined, except for Germany. Imports were reduced most significantly by the top three importers, the Netherlands, Spain, and Italy. As the production of palm oil is absent in the EU, imports are mainly driven by domestic consumption. In 2022, EU palm oil use for biofuel production took the biggest hit with a reduction of about 1.1 MMT.

The ambition of the European Commission is to cut the use of virgin vegetable oils for the production of biofuels, and increase the proportion of used oils, animal fats, and by-products from vegetable oil refining. For this reason, biofuels produced from waste fats and oils double count against the blending mandates in many MS. Palm oil use is also affected by the phase-out of biofuels derived from high-risk ILUC (Indirect Land Use Change) crops (see the Policy and Programs chapter of this report). According to the [EU Renewable Energy Directive II](#) (REDII) and [EU Delegated Act 2019/807](#), the use of high-risk ILUC biofuels is capped at the 2019 level until 2023, and then phased out by 2030. Several MS have announced earlier phase-outs, namely France, Austria, Belgium, and the Netherlands. In 2021, the French State Council confirmed that biofuels produced from all palm oil-based products are excluded from a tax advantage. Austria, Belgium, and the Netherlands followed. Germany is anticipated to follow in 2023. For more information about the use of palm oil for the production of biofuels see the [EU Biofuels Annual of 2022](#), published July 13, 2022. Based on the phasing out of palm oil, the use as

feedstock for biofuel production is forecast to further fall in 2023 and 2024. Like biofuel use, the industrial use of palm oil fell in 2022, following the inflated use as an ingredient for soaps and disinfectants in 2020 and 2021. During 2023 and 2024, the industrial use of palm oil is projected to stagnate at around 1.0 MMT. The food use of palm oil is expanded by about 150,000 MT to 2.45 MMT in 2022. This surge is based on the limited availability of other vegetable oils, combined with the attractive price of palm oil.

The use of palm oil for food use was further supported by the lifting of the lockdowns which increased demand in the food service sector. In the EU, palm oil is widely deemed to be unhealthy due to its high level of saturated fat, and food manufacturers advertise the lack of palm oil as a key selling point on product packaging. With the increasing supply of other oils, the food use of palm oil is forecast to trend down during 2023 and 2024. In addition to perceived health benefits, sustainability certification is another important factor for acceptance in the food market. The private sectors in the Netherlands, Belgium, Germany, Italy, France, Denmark, and Sweden agreed to ensure a fully certified, sustainable palm oil supply in Europe by 2020. In 2021, 93 percent of European imported palm oil was certified as sustainable (for more information see the [Palm Oil Report](#) of the Sustainable Trade Initiative).

As part of the European Green Deal, in December 2022, the EU found an agreement for a Regulation aimed at preventing products causing deforestation from entering the EU market. The European Commission is currently carrying out an impact assessment but has already identified soy and palm and its derivatives as commodities that could be in the scope of the future legislative proposal (see the Policy and Programs chapter of this report). Several developing countries have sent a letter to the European Commission stating that they would build a case against the legislation. Malaysia has announced that it could stop exporting palm oil to the EU in response to the new law.

Despite the lower demand this year, FAS Posts expect EU palm oil imports to recover slightly to 5.05 MMT in 2023, rebuilding stocks after the significant depletion reported during 2021 and 2022. A large share of the stocked volume is stored in the port of Rotterdam, where storage capacity for edible oils is estimated at roughly 1.2 MMT. Additional stocks are pipeline stocks and stocks located in other MS. Next year, EU palm oil imports are anticipated to decline following the dwindling demand.

7. Peanut Complex

Table 16
Oilseed, Peanut – Production, Supply and Distribution

Oilseed, Peanut Market Begin Year	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	0	0	0	0	0	0
Beginning Stocks	48	48	41	41	0	28
Production	0	0	0	0	0	0
MY Imports	911	908	850	850	0	845
Total Supply	959	956	891	891	0	873
MY Exports	60	71	50	55	0	60
Crush	35	35	35	35	0	35
Food Use Dom. Cons.	820	806	780	770	0	740
Feed Waste Dom. Cons.	3	3	0	3	0	3
Total Dom. Cons.	858	844	815	808	0	778
Ending Stocks	41	41	26	28	0	35
Total Distribution	959	956	891	891	0	873

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

Source: FAS EU

After a surge in imports in MY2021/22, driven in part by increased peanut butter consumption, the European market for peanuts and peanut butter is expected to decline in MY2022/23, little changed in 2023/24. The demand from the food manufacturing sector is driven by consumer demand for healthier snacking options – particularly products that have no additives/preservatives, are sugar-free, or “all-natural”. The main supplier to the EU of shelled peanuts is Argentina with a 66 percent market share in December 2022. Argentina is expected to have a more than adequate supply to meet EU needs in the coming MY since demand has fallen from China, and sales to Russia and Ukraine are problematic. The United States’ market share remains low, at just over eight percent in December 2022. It has lost share over the last decade for price reasons, and due to more stringent EU import conditions since 2019. For comparison, its share was 23 percent in MY2012/13. This is despite EU imports having grown nearly 60,000 MT over the period. Following the Boeing-Airbus dispute where the EU placed 25 percent tariffs on raw peanut products from the United States, the United States lost its position to Egypt as leading supplier to the EU of in-shell peanuts in MY2020/21, and this remained the situation in MY2022/23. The steel-aluminum dispute added 25 percent tariffs on U.S. peanut butter which has resulted in a loss of exports and market share, with peanut butter production being increased in Europe.

Trade remains dependent on the ease with which U.S. suppliers can meet EU requirements for pesticide residues, aflatoxin levels, phytosanitary certificates, and private industry standards. After years of consolidation, the EU peanut kernel market is dominated by very few large multi-national processors.

Table 17
Meal, Peanut – Production, Supply and Distribution

Meal, Peanut Market Begin Year	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	35	35	35	35	0	35
Extr. Rate	0.43	0.43	0.43	0.43	0	0.43
Beginning Stocks	0	0	0	0	0	0
Production	15	15	15	15	0	15
MY Imports	0	0	0	0	0	0
Total Supply	15	15	15	15	0	15
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	15	15	15	15	0	15
Total Dom. Cons.	15	15	15	15	0	15
Ending Stocks	0	0	0	0	0	0
Total Distribution	15	15	15	15	0	15

(1000 MT), (PERCENT)

Source: FAS EU

Peanuts for confectionery, snacks, and other further processed product uses remain the focal point for trade. Peanut crushing within the EU has not increased in recent times and there is currently a preference for other meals for animal feed.

Table 18
Oil, Peanut – Production, Supply and Distribution

Oil, Peanut Market Begin Year	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	35	35	35	35	0	35
Extr. Rate	0.37	0.37	0.37	0.37	0	0.37
Beginning Stocks	3	3	5	5	0	5
Production	13	13	13	13	0	13
MY Imports	62	62	62	62	0	62
Total Supply	78	78	80	80	0	80
MY Exports	6	6	6	6	0	6
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	67	67	69	69	0	69
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	67	67	69	69	0	69
Ending Stocks	5	5	5	5	0	5
Total Distribution	78	78	80	80	0	80

(1000 MT), (PERCENT)

Source: FAS EU

Although it undergoes further refinement after crushing, peanut oil must be labeled on EU food packaging as an allergen. This deters its widespread use in food applications. EU peanut oil consumption has declined in the last ten years and is increasingly substituted by other oils. Brazil remains the leading supplier to the EU followed by Argentina, Senegal, and Nicaragua.

8. Fish Meal

Table 19
Meal, Fish – Production, Supply and Distribution

Meal, Fish	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jan 2022		Jan 2023		Jan 2024	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	400	365	400	360	0	355
MY Imports	247	247	235	255	0	260
Total Supply	647	612	635	615	0	615
MY Exports	161	161	185	160	0	160
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	486	451	450	455	0	455
Total Dom. Cons.	486	451	450	455	0	455
Ending Stocks	0	0	0	0	0	0
Total Distribution	647	612	635	615	0	615

(1000 MT), (PERCENT)

Source: FAS EU

Denmark accounts for roughly half of the EU's fishmeal production, while Spain ranks as the second largest producer. Spanish production is mainly derived from by-products from fish processing, while Danish production volumes depend on fishery quotas set by the European Commission (EC), as well as the actual catch. The main fish species which are landed for industrial use are herring, sprat, blue whiting, and sand eel. In 2022, landings of fish for fishmeal production declined, partly due to a lower quota for sand eel. In 2023, EU fishmeal production is forecast to decline further based on lower catching quotas for mackerel, herring, and sprat, while the quota for blue whiting has been enlarged. Brexit still has implications on the EU fisheries sector, such as lost fisheries rights (for more information see the website of the [European Parliament](#)).

In 2022, EU fishmeal imports increased significantly supported by falling domestic production. EU imports from Peru recovered from a sharp decline in 2021. In 2022, Morocco increased its fishmeal exports to the EU, and it has been the main supplier to the EU market since 2020. In 2023, EU fishmeal imports are forecast to increase further based on dwindling domestic production, and continuous strong demand by the aquaculture sector in the Mediterranean region, in particular Greece.

9. Copra Complex

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

Table 20
Meal, Copra – Production, Supply and Distribution

Meal, Copra Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extraction Rate	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	2	2	2	2	0	2
Total Supply	2	2	2	2	0	2
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2	2	2	2	0	2
Total Dom. Cons.	2	2	2	2	0	2
Ending Stocks	0	0	0	0	0	0
Total Distribution	2	2	2	2	0	2
(1000 MT), (PERCENT)						

Source: FAS EU

Imports and use of copra meal have dropped to nearly non-existent.

Table 21
Oil, Coconut – Production, Supply and Distribution

Oil, Coconut Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	0	0	0	0	0	0
Extraction Rate	0	0	0	0	0	0
Beginning Stocks	16	16	58	75	0	67
Production	0	0	0	0	0	0
MY Imports	700	717	650	650	0	650
Total Supply	716	733	676	725	0	717
MY Exports	33	33	33	33	0	33
Industrial Dom. Cons.	260	260	260	260	0	260
Food Use Dom. Cons.	360	360	360	360	0	360
Feed Waste Dom. Cons.	5	5	5	5	0	5
Total Dom. Cons.	625	625	625	625	0	625
Ending Stocks	58	75	50	67	0	59
Total Distribution	629	644	708	725	0	717
(1000 MT), (PERCENT)						

Source: FAS EU

Demand for coconut oil in the EU is very stable. Outlook depends on the price situation for coconut oil and its competitors in industrial use and food consumption.

10. Cottonseed

Table 22
Oilseed, Cottonseed – Production, Supply and Distribution

Oilseed, Cottonseed Market Begin Year	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested (Cotton)	322	322	309	307	0	295
Beginning Stocks	59	59	53	53	0	63
Production	534	534	502	524	0	530
MY Imports	1	1	1	1	0	1
Total Supply	594	594	556	578	0	594
MY Exports	91	91	80	75	0	70
Crush	270	270	250	240	0	250
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	180	180	180	200	0	200
Total Dom. Cons.	450	450	430	440	0	450
Ending Stocks	53	53	46	63	0	74
Total Distribution	594	594	556	578	0	594
Yield	1.658	1.658	1.625	1.701	0	1.797

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

Source: FAS EU

Production

The EU is a minor producer of cotton, representing approximately 1.5 percent of global production. EU cotton production has declined by more than 50 percent since the implementation of the 2006 Common Agricultural Policy that decoupled payments and reduced support and market barriers for a number of crops, including cotton. The EU bans cultivation of modern biotech cotton varieties, further hurting competitiveness. Only two EU MS (Greece and Spain) grow significant amounts of cotton commercially. Cottonseed production in MY 2023/24 is forecast to remain flat compared to the previous year. Yields in Greece are expected to be average, given the high price of fertilizers and cultivation supplies. In the case of Spain, irrigation water shortage is expected to push yield expectations down.

Crush

About 55 percent of cottonseed production in Greece is crushed for oil (and oilseed cake) or retained for seed. In Spain, there is no domestic cottonseed crushing. In 2022, Greece crushed approximately 240,000 MT of cottonseed yielding 42,000 MT of cottonseed oil. Approximately 20 percent of

cottonseed oil is used for biodiesel production. Cottonseed oil has traditionally been used in the food and snack-food manufacturing industries. Cottonseed oil is also a popular frying oil for restaurants.

Trade

In MY 2021/22, the EU's cottonseed exports rebounded by 44.4 percent compared to the previous year. This was driven by higher industry demand for crushed cottonseed and export demand at approximately 91,000 MT. Exports are forecast to decrease by 18 percent in MY 2022/23. Saudi Arabia, Japan, South Korea, and United Arab Emirates are the leading destinations for EU cottonseed exports. Greece imports small amounts of cotton for blending in the domestic industry. Spain's cottonseed domestic demand is satisfied by imports.

There are two basic types of cottonseeds: dried cottonseed and non-dried (fresh cotton seed). The main difference is the humidity level. Dried cottonseed usually ranges at nine to ten percent moisture, while the fresh cottonseed may be 15 percent. Oil and protein content, depending on the season, is about 18 percent. Once harvested the seeds are stored in ventilated warehouses to maintain the highest quality.

11. Olive Oil

Table 23
Oil, Olive – Production, Supply and Distribution

Oil, Olive Market Year Begins	2021/2022		2022/2023		2023/2024	
	Nov 2021		Nov 2022		Nov 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Beginning Stocks	316	316	314	399	0	150
Production	2,235	2,272	1,800	1,370	0	2,030
MY Imports	177	150	175	200	0	110
Total Supply	2,728	2,738	2,289	1,969	0	2,290
MY Exports (1000 MT)	919	793	675	475	0	600
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	1,475	1,526	1,325	1,324	0	1,375
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1,495	1,546	1,345	1,344	0	1,395
Ending Stocks	314	399	269	150	0	295
Total Distribution	2,728	2,738	2,289	1,969	0	2,290

(1000 HA), (1000 TREES), (1000 MT)

Source: FAS EU

N.B.: Post trade and production data include only HS Code 1509.

The EU is the world's largest olive oil producer accounting for over 60 percent of the global production. Top olive oil producers in the EU include Spain, which produces nearly 70 percent of the bloc's olive oil

output, followed by Italy, Greece, and Portugal. To a much smaller extent, olive oil production also exists in France, Cyprus, Croatia, and Slovenia.

MY 2023/24

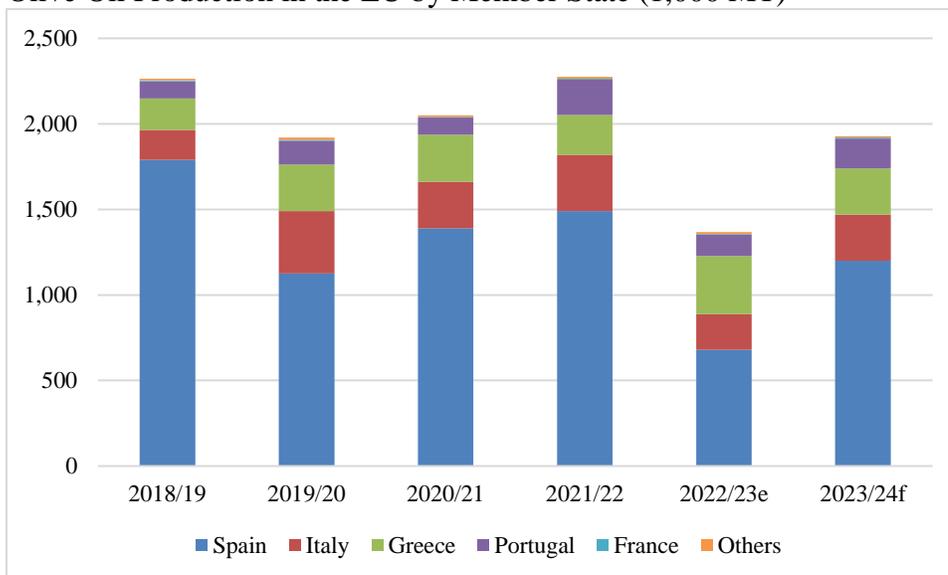
For MY 2023/24, while it is still early to estimate, EU Posts anticipate a recovery in olive oil production levels, after hitting bottom in MY 2022/23. Spring 2023 precipitation levels combined with favorable flowering conditions will be critical to determine production volumes in MY2023/24 to help ease the current tight market situation. Later in the year, precipitation during fall 2023 could also contribute to the final production levels.

The positive impact of the olive trees' alternative bearing, following the poor crop obtained in MY2022/23, combined with the new plantations entering production, are the drivers behind the anticipated recovery.

MY 2022/23

Figure 25

Olive Oil Production in the EU by Member State (1,000 MT)



Source: International Olive Oil Council data and estimates from FAS offices in Europe.

A significant decline in EU olive oil production is anticipated for MY 2022/23. Drought and warm conditions have pushed olive yields down, especially in Spain, the world's largest producer. The improved output expected in Greece is not sufficient to overcome anticipated declines in Spain and Italy.

Poor precipitation levels since 2022 have limited Spain's rain-fed olive groves. Also, irrigation water restrictions in the Guadalquivir River basin, where most of Spain's olive production is concentrated, forced farmers to concentrate irrigation efforts on maintaining tree crops' health rather than in boosting yields. Moreover, the abnormally high temperatures registered in late spring negatively impacted flower and fruit setting. The extremely high summer temperatures also contributed decreased yield potential in olive trees. Late fall precipitations came as a relief, especially for producing areas where the harvest

takes place later in the season. Olive oil production in Spain is expected to amount to just below 0.7 million MT in MY 2022/23, 40 percent down from the 1.5 million MT registered in MY 2021/22.

In Italy, the EU's second largest producer of olive oil, production for MY 2022/23 is forecast at 208,000 MT, down from the 329,000 MT registered in the previous season. This is due to spring frosts and the summer drought, combined with an 'off-year' in olive tree's alternate bearing cycle. Moreover, the spread of the harmful plant bacterium *Xylella Fastidiosa* in Puglia contributed to the decline. However, the drought prevented the outbreak of other pests, favoring higher quality levels.

Greece is the exception to the rule, as production MY 2022/23 is projected to recover and amount to 340,000 MT up from last season's low output levels. Olive trees in Greece benefited from the positive impact of alternative bearing, following the poor yields achieved in MY 2021/22, favorable summer weather, and proper precipitation pattern.

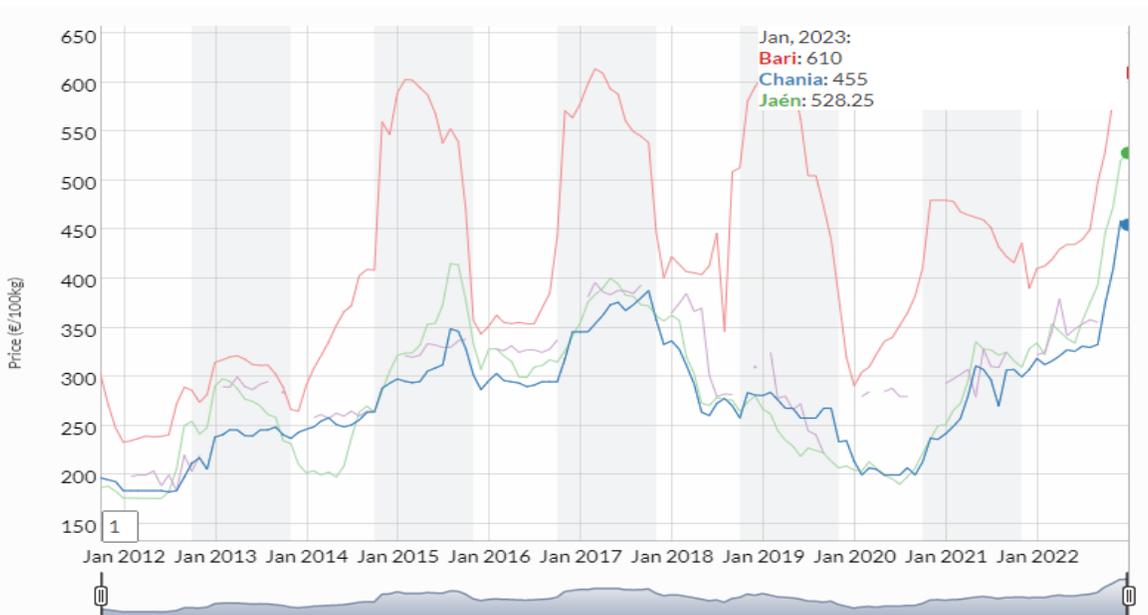
Modern olive plantations continue to enter production in Portugal, offsetting the impact of alternative bearing. However, traditional olive groves in Portugal, where irrigation is not available, continue to be exposed to meteorological conditions. In 2022, poor precipitation levels combined with unusually high summer temperatures pushed Portugal's olive oil yield expectations down (125,000 MT) after hitting the country's historical record figure of 206,000 MT reached in MY 2021/22.

Consumption

The EU's olive oil consumption is concentrated in producing MS and remains steady in non-producing MS. However, in MY2022/23 the bloc's olive oil consumption is projected down, as a poorer olive oil crop is anticipated, and olive oil is expected to see its competitiveness eroded against other oils, such as sunflower or rapeseed, with olive oil prices in origin picking up.

Figure 26

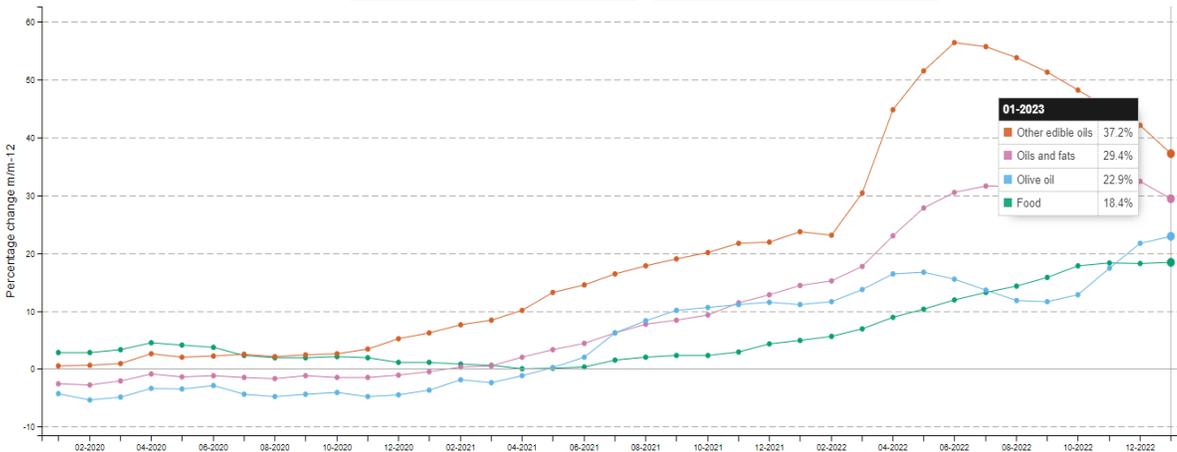
Extra Virgin Olive Oil Monthly Prices (Euro/100 Kg)



Source: International Olive Council

Conversely, in MY 2021/22, alternative edible oils’ escalating prices at a higher pace since the beginning of Russia’s war in Ukraine favored the EU’s olive oil consumption.

Figure 27
Oil Price Trends along the Food Supply Chain

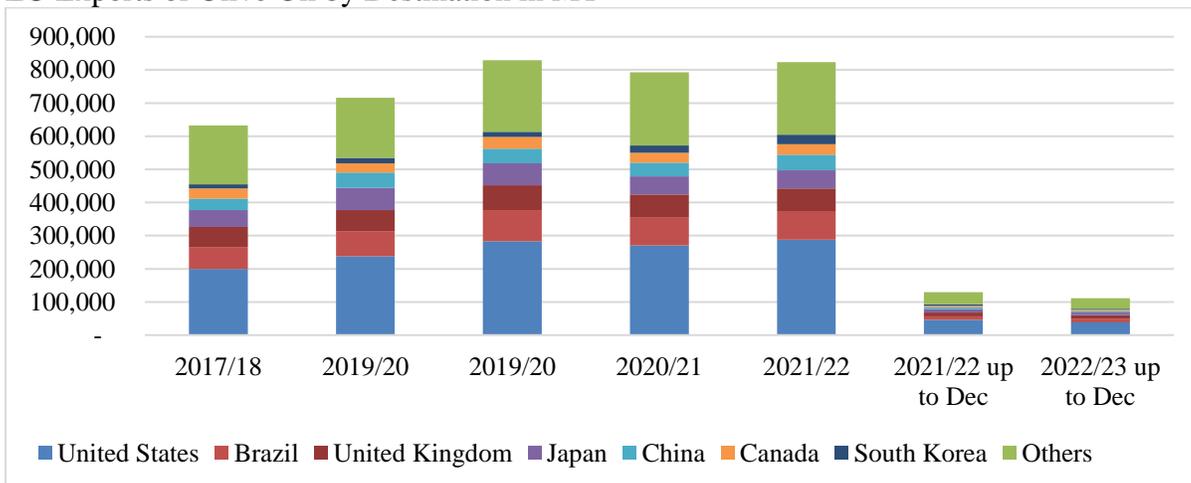


Source: [Food price monitoring tool \(europa.eu\)](https://europa.eu/food/price-monitoring-tool)

Trade

While olive oil production is fairly concentrated in the Mediterranean area, olive oil is traded globally to meet the demand of non-producing countries. The EU is the world’s leading olive oil producer and exporter. Data available for MY 2022/23 show a stability in the EU’s olive oil exports, despite the bloc’s limited domestic production. The expansion in third countries’ demand continues to drive export volumes. In MY 2021/22, EU olive oil exports continued to expand, particularly to large and key markets such as the United States, Brazil, China, South Korea, and China, while small downward corrections were registered in the exports to the United Kingdom and Japan.

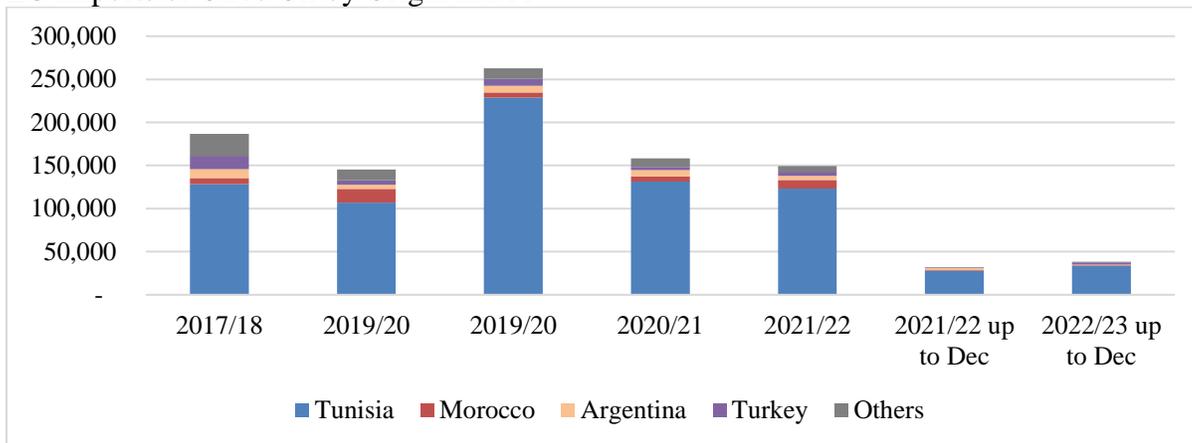
Figure 28
EU Exports of Olive Oil by Destination in MT



Source: Trade Data Monitor, LLC.

In MY 2022/23, the shorter olive oil crop in extra-EU olive oil producers, such as Morocco and Tunisia, contributed to a tense EU olive oil balance, despite the larger output anticipated in other large olive oil producing countries such as Syria and Turkey. Nevertheless, data available show a steep increase in EU olive oil imports from Tunisia, which between November and December amounted to 33 TMT. To this figure must also be added the 56.7 TMT olive oil quota from Tunisia, fully allocated during the [first tender](#) in January 2023 (see **Policy Section** for additional details). EU-based olive oil companies are seeking to meet their export commitments by increased imported volumes.

Figure 29
EU Imports of Olive Oil by Origin in MT



Source: Trade Data Monitor, LLC.

Stocks

Given the reduced domestic crop, the relatively steady pace of consumption and exports, olive oil stocks in the EU are revised down in MY 2022/23.

12. Policy

Common Agricultural Policy (CAP)

The new CAP for 2023-2027 was [adopted](#) on December 2, 2021, and published in the Official Journal on December 6, 2021:

- [EU Regulation 2021/2116](#), repealing EU Regulation 1306/2013 on the financing, management and monitoring of the CAP;
- [EU Regulation 2021/2115](#), establishing rules on support for national CAP strategic plans, and repealing EU Regulations 1305/2013 and 1307/2013;
- [EU Regulation 2021/2117](#), amending EU Regulations 1308/2013 on the common organization of the agricultural markets; 1151/2012 on quality schemes for agricultural products; 251/2014 on geographical indications for aromatized wine products; and 228/2013 laying down measures for agriculture in the outermost regions of the EU.

EU MS were requested to submit [Strategic Plans](#), incorporating MS specific goals and initiatives, by the end of 2021. By December 2022, all national strategic plans were approved by the European Commission. The new CAP started to be implemented on January 1, 2023. For more information, please see GAIN Report: [EU Common Agricultural Policy Reform](#).

Private Storage Aid

[EU delegated regulation 2016/1238](#) lays down common eligibility rules for private storage aid for certain agricultural products including olive oil. The European Commission can provide private storage aid (PSA) for a period of 180 days if there are serious disturbances to the olive oil market in a certain region or if the average price for one or more of the following products is recorded on the market during a two-week period:

- € 1,779/ton for extra virgin olive oil
- € 1,710/ton for virgin olive oil
- € 1,524/ton for pomace olive oil

Marketing Standards for Olive Oil

According to [Commission Regulation 29/2012](#), only packaged (or bottled) olive oil is allowed to be sold to final consumers in the EU in quantities of up to 5 liters per package. The opening system must ensure that it can no longer be sealed after the first time it is opened.

The Green Deal

On December 11, 2019, the EC announced the [European Green Deal](#). The EC sees the Green Deal and accompanying strategies as a way of achieving the [Paris Climate Agreement](#) and [UN Sustainable Development Goal](#) commitments. For the food and agriculture sector, the Commission adopted the [Farm to Fork \(F2F\) Strategy](#) and the [Biodiversity Strategy](#) for 2030. The strategy targets a 50 percent reduction in pesticide use, a 20 percent reduction in fertilizer use, a 50 percent reduction in nutrient leakage in groundwater, 25 percent of agricultural land being used for organic farming, 10 percent of land being set aside for environmental areas, and an increase in nature conservation areas by 30 percent.

Deforestation-free supply chains

As part of the Green Deal, the EC published a [proposal](#) for a Regulation aimed at preventing products causing deforestation entering the EU market. The proposal targets products which are identified by the EC as the main drivers of deforestation including soy and palm oil. On December 6, 2022, the proposal was adopted by the EU institutions. The text is going through a legal review but is now de-facto final and is expected to be formally adopted in the coming months. It will then enter into force in late 2024 or early 2025. To sell any of the covered products in the EU or export them from the EU, business operators will be required to provide extensive information about the product's origins, including the precise location(s) and general time of production. The Regulation establishes a country benchmarking system through which the EU Commission will assess the risk that countries, or parts thereof, produce relevant commodities and products that contribute to deforestation. Products sourced from standard- or high-risk origins must comply with additional risk assessment and mitigation procedures. It is likely that this new Regulation will divert global trade flows for soy and palm. It will also likely have an impact on commodity prices in the European Union. For more information, please see GAIN Report: [European Institutions Finalize Deforestation-Free Supply Chain Regulation](#).

Trade Policy

EU Free Trade Agreements (FTAs)

The EU is negotiating and has implemented several FTAs with other countries and regions, which include concessions on oilseeds. Additional information is available on the website of the EC at: <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

In June 2022, the European Union concluded negotiations for a trade agreement with New Zealand. The agreement is currently being ratified by the European Union. The trade agreement removes all tariffs at entry into force on EU agri-food exports to New Zealand. However, this is not the case for all agri-food imports into the EU with tariff rate quotas for some products such as ethanol with 4000 tons at zero duty. More information about the agreement can be found [here](#).

Boeing Case

On November 9, 2020, the European Union announced retaliatory tariffs against U.S. exports following the World Trade Organization's (WTO) ruling that authorized the EU to take such countermeasures due to U.S. subsidies to aircraft maker Boeing. The European Commission published [Implementing Regulation 2020/1646](#) that outlined the list of products subjected to a 25 percent additional tariff. The Regulation entered into force on November 10, 2020. Groundnuts as well as crude fixed vegetable fats and oils were included. In June 2021, the European Union and the United States reached an understanding in the large civil aircraft dispute. On July 9, 2021, the European Commission adopted [Implementing Regulation 2021/1123](#) suspending the application of tariffs until July 11, 2026.

Duty-Free Quota for olive oil

In accordance with the Euro-Mediterranean Agreement, a 56,700 MT duty-free quota is open for Tunisian virgin olive oil imports into the European Union. Additional information on this regime is available in the [Commission Implementing Regulation \(EU\) 2020/76](#). Outside quota or preferential agreements, olive oil imports to the EU are subject to a 124.50 Euros/100 Kg duty.

EU Policy Response to the War in Ukraine

In February 2022, Russia launched an invasion in Ukraine. The war is putting pressure on global food security mainly due to the high level of exports of feed and grain products from the two countries. The oilseeds sector is impacted by disruption in trade flows, increased input prices, such as energy, fertilizers, and pesticides prices.

On March 23, 2022, the European Commission published a Communication on '[Safeguarding food security and reinforcing the resilience of food systems](#)'. This Communication outlines short-term and medium-term actions that the EU took to enhance global food security and support EU farmers given rising commodity prices and costs for energy and fertilizer inputs due to the war in Ukraine:

- €500 million euros distributed in national allocations for direct support for EU farmers most affected by higher input costs and the closure of export markets. MS could supplement this support using national funds

- Exceptional and temporary derogation from certain greening obligations such as the production of any food and feed crops on fallow lands
- Reduction of blending proportion requirements for biofuels.
- Derogations from Regulation 396/2005 for pesticide maximum residue levels (MRLs) to be able to import feedstock from additional sources.

In May 2022, the European Commission published an [Implementing Regulation \(2022/791\)](#) in the EU's Official Journal calling on MS to gather monthly data on levels of stocks in the EU of oilseeds. For the Commission, up-to-date information on levels of stocks, including production and levels of stocks of certified seeds, held by producers, wholesalers and relevant operators is essential to decide on relevant measures to prevent and mitigate market disruptions. Additionally, the European Commission's Directorate General for Agriculture and Rural Development (DG AGRI) launched a [dedicated website](#) presenting statistics on prices, production, and trade of rapeseed, sunflower oil, and soya beans at the EU and global level.

In May 2022, the European Commission also published an Action Plan for [EU-Ukraine Solidarity Lanes](#) to facilitate Ukraine's agricultural exports to address the initial blockade of Ukrainian Black Sea ports. The Commission laid down a list of actions to help Ukraine export as much agricultural products as possible before the new harvest. This includes making additional vehicles available, prioritizing Ukrainian agricultural export through new rail slots, and addressing delays to shipments due to burdensome border checks.

In July 2022, Ukraine, Russia, Türkiye, and the United Nations signed the Black Sea Grain Initiative to reopen Black Sea routes which enabled the resumption of most of Ukraine agricultural exports through three ports.

Protein Deficiency and the Quest for Self Sufficiency

The EU continues to discuss a goal of “protein independence” to reduce their reliance on plant protein imports. In November 2018, the Commission published its report on [“The Development of Plant Proteins in the European Union.”](#) This builds on the Commission's previous work of publishing EU Protein Balance Sheets to direct future efforts for increasing planting areas. To encourage the production of plant protein by EU farmers, the Commission's report indicates a positioning of European feed as “premium” feed. Premium is not defined by higher protein content or enhanced nutrition but appears to be a feed that would be non-genetically modified (GM) and not linked to deforested areas. For more information about the report, please see [GAIN Report: “European Union Unveils Its Protein Plan.”](#) In December 2021, the French and Austrian agriculture ministers signed [a joint declaration](#) calling on the European Commission to build upon its 2018 report to work out a European protein strategy that takes into account the national efforts of MS. Additionally, as part of the Farm to Fork Strategy, the European Commission announced that it would foster research on alternative feed materials such as insects, marine feed stocks (e.g., algae), and by-products from the bioeconomy such as fish waste. It is still unclear how the EU's priority to produce more protein will be operationalized and the impact it might have on oilseed production in the EU.

Aid System for Oilseeds

Farmers do not receive specific payments for growing oilseeds. Except for the olive sector, there is no intervention (i.e., buying, export subsidy or other market support programs) available for oilseeds in the EU. See olive oil section for additional information.

Olive Oil Policy

Private Storage Aid: EU delegated regulation 2016/1238 lays down common eligibility rules for private storage aid for certain agricultural products, including olive oil. The European Commission can provide private storage aid (PSA) for a period of 180 days if there are serious disturbances to the olive oil market in a certain region or if the average price for one or more of the following products is recorded on the market during a two-week period:

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Blair House Agreement

The 1992 Blair House Memorandum of Understanding on Oilseeds (or Blair House Agreement (BHA)) between the United States and the EU was included in the EU WTO schedule of commitments and resolved a General Agreement on Tariffs and Trade dispute over EU domestic support programs that impaired U.S. access to the EU oilseeds market. As noted earlier, there are no crop specific payments for oilseeds-- the BHA is maintained but not in use.

EU Energy Policy and the Renewable Energy Directive

In December 2018, the EU published the revised Renewable Energy Directive (REDII) in the Official Journal ([Directive 2018/2001](#)). The REDII sets out a 32 percent binding renewable energy target for the EU for 2030, with an upward revision clause to be revisited in 2023. The target for the transport sector is set at 14 percent and the Directive also sets out a binding 3.5 percent target on non-crop based advanced biofuels by 2030. The EU capped crop-based biofuels at the level consumed in each Member State in 2020, with an additional 1 percent point allowed over present consumption up to an overall cap of 7 percent.

The REDII also puts in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels and a requirement to phase them out completely by 2030. In May 2019, the European

Commission adopted [Delegated Regulation 2019/807](#) setting out specific criteria on what the EU considers a high-risk ILUC biofuel. The Commission determined that high ILUC-risk biofuel feedstocks are those for which the share of production expansion into land with high carbon stock is higher than 10 percent since 2008 and with an annual expansion of more than 1 percent. Given the calculations of the Commission, only palm oil falls under this definition and will need to be phased out by 2030. Soy, rapeseed, and sunflower do not fall under this definition. However, the Delegated Act gives the possibility for producers, including palm producers, to certify their feedstock as low-risk ILUC through additional measures. Delegated Regulation 2019/807 also stipulates that the Commission shall review all relevant aspects of the report on feedstock expansion. This could lead to more commodities falling under the definition of a ‘high-risk ILUC biofuel’ in the future.

The RED also introduced sustainability criteria for biofuels to count toward the mandatory national renewable targets for transport fuels. The criteria were amended by the REDII and the new criteria entered into force in July 2021. The criteria include greenhouse gas savings, exclusion for land with high biodiversity value and high carbon stock, and measures to mitigate ILUC. The REDII requires all biofuel used in the EU, whether produced in the EU or a third country, to demonstrably meet these criteria through compliance certification. In January 2019, the European Commission recognized the U.S. soy industry’s scheme certifying U.S. soybeans’ compliance. With this recognition, certified U.S. soybeans can now be used for biofuel production in the EU and count towards the RED targets. There are currently over a dozen other certification schemes recognized by the EU.

In July 2021, the European Commission proposed a revision of the RED. The [proposal](#) foresees updating the 2030 targets with a new overall renewable energy target of 40 percent, a new GHG intensity reduction target for the transport sector of 13 percent. The cap for conventional/crop-based biofuels stays at 1 percent above MS 2020 consumption levels, up to an overall cap of 7 percent of final consumption of road and rail transport for each MS. The Commission also proposes new targets for the use of advanced biofuels to 2.2 percent by 2030 and a sub-target for renewable fuels of non-biological origin (RFNBOs) of 2.6 percent. On March 30, 2023, the Commission, Council and European Parliament found an agreement on the new REDIII. At the time of writing, the text of the agreement has not been made publicly available.

Agricultural Biotechnology

Asynchronous Rate of Approvals for Genetically Engineered Soybeans

The EU livestock industry relies on imports of genetically engineered (GE) feed with soy products being the single largest agricultural import into the European Union. However, the EU’s slow and costly approval of GE events restricts U.S. and global exports and slows innovation. The EU system for approving GE plants for use as food and feed routinely disregards set regulatory timelines, and although the EU’s legally prescribed approval time is 12 months (6 months for the risk assessment by the European Food Safety Authority and 6 months for the risk management process or comitology review by the European Commission), it takes approximately four to five years for the approval of a GE product. Commission Implementing Regulation (EU) No 503/2013 establishes requirements for applications for GE approvals.

Low Level Presence of Genetically Engineered

The EU does not have a commercially viable low level presence policy (LLP). In 2009, shipments of around 180,000 metric tons of U.S. soy were denied entry into the EU because of the detection of dust from GE corn not yet approved in the EU. As a result of the situation, the EU quickly approved several GE corn products that were stuck in the EU approval process, so that soybean trade could resume.

In response to this incident, the EU announced a “technical solution” in 2011 to minimize trade disruptions due to LLP of unapproved GE events in feed imports. The Regulation, Commission Regulation (EU) No 619/2011 which entered into force on July 20, 2011, permits the inadvertent presence in feed shipments of up to 0.1 percent of a GE product unapproved in the EU, if the product is approved in the country of export and it has been three months since EFSA concluded its completeness check.

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

Innovative Technologies

On April 29, 2021, the European Commission published its “[Study on the status of new genomic techniques](#)” under Union law and in light of the Court of Justice ruling in Case C-528/16.” This study states that these newer techniques can contribute to the objectives of the European Green Deal’s Farm to Fork and Biodiversity Strategies, and the current “GMO Directive” is not “fit for purpose.” As a consequence, on September 24, 2021, the European Commission launched a policy initiative and roadmap on “Legislation for plants produced by certain new genomic techniques.” In April 2022, the Commission launched a 12-week public consultation period to seek additional views from stakeholders, and dialogues continued throughout the year on these newer techniques. The proposed legislation is scheduled to be published in June 2023.

While the current GE approval process is quite lengthy and contentious, there is much discussion in the EU about whether “new genomic techniques (NGTs)” or genome editing should be held to the same level of scrutiny as more traditional forms of biotechnology. The debate on the proposal is very intense also around traceability and labelling of products obtained via NGTs. For more information on agricultural biotechnology in the EU, see the [2022 annual report](#).

13. Pesticides

Pesticides Policy

As part of the Farm to Fork Strategy, the Commission announced a reduction of the overall use and risk of chemical pesticides by 50 percent and the use of high-risk pesticides by 50 percent by 2030. The suggested actions to achieve these targets include putting forward proposals to revise the Sustainable Use of Pesticides Directive (SUD), enhancing provisions on integrated pest management (IPM), and promoting the use of alternative ways to protect harvests from pests and diseases. These developments would change the availability of crop protection products permitted for EU farmers, and by extension, agricultural exporters to the EU.

As of December 2013, the EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans. In May 2018, the Commission further restricted the use of neonicotinoids except for the application in permanent greenhouses in the EU and banned a fourth one (thiacloprid) in January 2020. The measures followed assessments by EFSA, which showed that the first three substances posed risks to bee health and the use of thiacloprid could lead to the contamination of groundwater.

[Commission Regulation \(EU\) 2023/334](#), published in the Official Journal on February 15, 2023, reduces the current EU maximum residue limits (MRLs) for clothianidin and thiamethoxam to the limit of determination (LOD) and will apply 36 months after its entry into force in order to give food operators and third countries time to adapt. Imported products will no longer be able to contain residues of these two neonicotinoids as of March 7, 2026. The proposed reduction in MRLs is not due to food safety concerns stemming from the presence of pesticide residues in imported foods, but rather based on a stated interest in protecting pollinators in countries outside of the EU.

Upcoming Reviews for MRLs on Soybeans, Sunflowers, and Rapeseed

Plant protection products (PPPs) along with MRLs and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. [Regulation \(EC\) No 1107/2009](#) and [Regulation \(EC\) No 396/2005](#) regulate PPPs and MRLs, respectively. There is a consistent review of active substances for which the approval is up for renewal, as well as their associated MRLs.

Existing MRLs are also being reviewed through a process known as an Article 12 review. The link below refers to a list indicating the upcoming MRL reviews under this Article 12 process. The second list includes the active substances that are, or will soon be, up for renewal. It is important to note that these lists are not all-inclusive.

Upcoming reviews for MRLs

Article 12 review: <https://www.efsa.europa.eu/sites/default/files/pesticides-MRL-review-progress-report.pdf>

Upcoming reviews for active substances:

Active substance	Expiration date	Last day of application for renewal of the active substance:
Flucapyroxad	05/31/2025	05/31/2022
Bixafen	05/31/2025	05/31/2022
Pyriofenone	01/31/2025	01/31/2025
Disodium phosphonate	01/31/2026	01/31/2023
Penflufen	05/31/2025	05/31/2022
Sedaxane	05/31/2025	05/31/2022
Benalaxyl-	04/30/2025	04/30/2022
Pyroxsulam	04/30/2025	04/30/2022
Penthiopyrad	05/31/2025	05/31/2022
1,4-Dimethylnaphthalene	06/30/2025	06/30/2022
Pyridalyl	06/30/2025	06/30/2022

Due to the complexity of the renewal process and the importance of the issue, stakeholders are encouraged to actively engage early on in these review processes by reaching out to the applicant. Together with the applicant, they can ensure that the necessary data is available for the review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities and to check the USEU website for updates of the [EU Early Alert](#).

Glyphosate

The active substance glyphosate is approved for use at the EU level but was set to expire on December 15, 2022, while its renewal procedure is currently still ongoing. The Commission extended the approval period for glyphosate by one year, until December 15, 2023, since both the European Food Safety Authority (EFSA) and the European Chemicals Agency (ECHA) need additional time to complete the re-evaluation process of glyphosate.

Although the substance is still approved at the EU level, some MS are banning its sale or restricting its use in plant protection products at the national level. Since the EU MRLs for glyphosate remain in place in these MS, there may be some political pressure to restrict imported products containing glyphosate because some EU farmers are not allowed to use the substance.

Related Reports

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

Attachments:

No Attachments