USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Voluntary _ Public

Date: 11/4/2015
GAIN Report Number: BU1537

Bulgaria

Post: Sofia

Oilseeds and Products Market Update

Report Categories:
Oilseeds and Products

Approved By:
Russell J. Nicely

Prepared By:
Mila Boshnakova

Report Highlights:
The first tentative post-harvest data on 2015 oilseeds crops showed rapeseed production in line with AgSofia's earlier forecast, however, the sunflower crop declined due to the summer heatwave. Sunflower harvest has been completed at 96% as of October 30 and production is estimated at 1.7 MMT. Soybean crop had much higher planted area due to new subsidies this year but the lack of farming experience and summer heat/dryness resulted in a low crop, currently estimated by AgSofia at 40,000 MT.

Fall planting of winter rapeseeds has progressed well in early September due to favorable weather and growing farm prices. This crop's better profit margin attractiveness this year is likely to lead to higher planted areas. As of October 22, planting was done on 150,000 HA, 9% more than in 2014. It is estimated that total area can reach 170-175,000 HA, 6% - 9% more than a year ago.

General Information:
Weather

The summer weather was unusually hot and dry for two months in July and August. Despite very good soil moisture reserves until mid/end June, the scorching temperatures had a negative impact on sunflower yields and quality. On the other hand, dry weather secured faster harvest of rapeseed in July.

The hot summer was followed by timely rains and moderate temperatures in the fall which were welcome for fall planting. This stimulated timely planting of MY2016/17 rapeseed crop in early September. The second half of September and October had a mix of dry and wet days with temperatures at average or slightly above the seasonal average. Precipitation improved favoring soil moisture and planting of winter crops but it hampered the sunflower harvesting. This unstable weather and alteration of dry and wet periods caused irregularities in planting and harvest progress. As a result, currently there are rapeseed fields planted in early optimum time with very good growth and some fields that were just planted, thus the yield expectations for MY2016/17 are mixed and close to average. The other weather effect was the delay of the sunflower harvest and deteriorated quality in select locations.

Oilseeds Production and Supply

MY2016/17

Rapeseed planting was reported to be ahead of last year by 9.1% (150,690 HA planted) as of October 22. Farmers made efforts to plant rapeseed earlier due to the plans to increase planted areas; and then focused on their sunflower harvest which currently promises better profit potential than wheat and barley. AgSofia's estimate is that rapeseed area is likely to be above last year at 170,000-175,000 HA.

Progress in MY2016/17 Fall Planting as of October 22			
	Planted as of October 22, 2014 (HA)	Planted as of October 22, 2015 (HA)	Difference, Percent
Rapeseeds	138,090	150,691	+9.1%
Source: MinAg Bulletin#5 of October 29, 2015			

MY2015/16

In October the MinAg published its first official post-harvest estimates for MY2015/16 oilseeds crops (Table 2). Final official MY2014/15 data was also published in late summer (Table 1).

Table 1. MY2014/15 and MY2013/14 Oilseed Crops Areas and Production Final Official Data

MY2014/15 vs. MY2013/14	**Harvested Areas (000 HA)**	**Production (000 MT)**

	MY2014/15	MY2013/14	MY2014/15	MY2013/14
Soybeans	0.329 planted 0.305 harvested	0.336 planted 0.336 harvested	0.736	0.604
Rapeseeds	192 planted 190 harvested	138 planted 135 harvested	528	337
Sunflower	850 planted 844 harvested	882 planted 879 harvested	2,010	1,974
Total	1,034	1,014	2,539	2,312
Source: Bulgarian Ministry of Agriculture and Foods				

Table 2. FAS/Sofia and Other Sources Estimates for MY2015/16 Oilseeds Crops (as of October 30 2015)

MY2015/16 Major Oilseed Crops Estimates			
Crops	**Harvested Areas (000 HA)**	**Average Yields (MT/HA)**	**Production (000 MT)**
Soybeans	28.4 planted 25.4 harvested as of October 22, MinAg 40 planted (FAS) 35-45 industry estimates	0.88-1.97	32 – harvested as of October 22, MinAg 40 - FAS 20-50 industry estimates
Rapeseeds	164 - planted 160 – harvested (MinAg)	2.62	420 (FAS) 411 (MinAg)
Sunflower	760 – planted (FAS) 728 – harvested as of October 30 (96%), MinAg 11,600 HA black and white striped sunflower, MinAg 8,900 HA harvested as of October 22, MinAg 750-780 – planted (industry sources)	2.10 - 2.23	1.7 (FAS) 1.544 MT harvested as of October 30, MinAg estimate for the total crop at 1.6 MMT 13,000 MT black and white striped sunflower harvested as of October 22, MinAg 1.6-1.8 MMT industry sources
Source: MinAg Bulletin#5 of October 29, 2015			

Soybeans

Due to new subsidies provided for protein crops and for greening in 2015 (see BU1508), farmers sharply expanded their area under soybeans. This year was the first test year for many producers since soybean production greatly diminished over the last 20-25 years. Although the MinAg provides an estimate for the planted area at 28,300 HA, industry estimates are higher and range from 35,000 HA to 45,000 HA. The hot and dry summer negatively affected the crop and yields are low. In addition many

farmers report that the crop is very new for them, they do not have the needed production experience and are currently learning how to grow soybeans. Finally, there were reports that often the proper farm equipment was not available and the farmers could not harvest their fields. Most reports about yields vary from 0.4 MT/HA to 1.3 MT/HA with some exceptions of 2.3 MT/HA. AgSofia's estimate for production is at 40,000 MT albeit subject of revision upon final harvest results.

Currently most farmers express disappointment from their first experience with soybeans. They had better expectations not only for yields but also for quality and price. However, demand does not seem to respond to these expectations. This may affect planting intensions for the future and is likely to shift the farmers' interest towards other protein crops.

The lack of a reliable forecast for the soybean harvest is currently stimulating more exports rather than a domestic crush. Several full fat extruders and smaller size crushers will likely crush local crop. Crushers have a growing appetite for soybeans since they face underutilized capacities as a result of lower sunflower and rapeseed crops. The first sizable imports of soybeans (40,000 MT) occurred in MY2014/15. Local crushers source soybeans mainly from the region – Serbia, Moldova, Romania, Ukraine - but industry reports indicate that the potential for higher imports from farther origins is rising. Soybeans provide better crush margins when compared to sunflower and allow the processors to more fully utilize their new capacities. This is a new business for the local industry and it faces tough competition on the market in meals and oil from the more established suppliers in Western Europe. Finally, select industry sources indicate that sales of soybean oil can be challenging due to the biotech content (if bioengineered soybeans are imported) and it should be used mainly in local feed. To date, soybean oil is rarely used for biodiesel.

Rapeseed

MY2015/16

The rapeseed harvest was carried out on time due to favorable summer weather. Yields and production were lower when compared to exceptional yields of 2014. Current yield estimates vary from 2.60 MT/HA to 2.75 MT/HA, and production estimates go as high as 440,000 MT (Table 2). AgSofia's estimate is currently for production at 420,000 MMT or slightly above the tentative MinAg data.

Lower production may lead to a slight reduction in crush and in the output of meal and oil and their exports, respectively. It is assumed that crushers can substitute rapeseed with sunflower seeds and eventually some soybeans.

Trade to date has been active and exports of rapeseed are reportedly approaching 210,000 MT per industry sources (Table 3).

MY2014/15

Crush: As Ag Sofia forecasted earlier, crush has increased and stimulated higher than usual imports of 55,000 MT. MY2014/15 production of rapeseed meal and rape oil is estimated higher due to the higher

crush - 56,000 MT of meal and 42,000 MT of oil. Most of these products were exported due to limited domestic demand (estimated at 8,000 MT of meal and 34,000 MT - 35,000 MT of oil, mainly for biodiesel).

Trade: Imports of rapeseed were at 55,000 MT, and exports at 465,000 MT, which represented significant growth when compared to the previous season. The main export destinations were EU - France, Belgium, the Netherlands and Portugal, and Turkey. (Table 3)

Exports of rapeseed meal and oil grew to record levels due to favorable demand and competitive prices and exceeded our earlier forecast. Main export destinations of rapeseed meal were Spain and Germany, and for oil, the Netherlands. (Table 4)

Table 3. Rapeseed Trade, MY2014/15 and MY2015/16 to date

Rapeseed HS#1205	**MY2014/15**	**MY2015/16 – MinAg, FAS and Industry Sources**
Imports	55,217 MT Including: 21,781 MT-Hungary 23,090 MT-Romania 2,130 MT - Macedonia	4,869 MT (MinAg)
Exports	464,912 MT Including: 128,000 – France 90,797 – Belgium 55,761- The Netherlands 52,407 - Portugal 86,029 MT – Turkey *Source: WTA*	82,708 MT reported exports for the period July 1- October 22 through the port of Varna (50% less than in the corresponding period a year ago) (MinAg) 170,992 MT total exports as of October 30 (MinAg) 210,000 MT total exports for the period July 1- October 15(industry sources)

Table 4. Rapeseed Meal and Oil Trade MY2014/15.

MY2014/15 Rapeseed Meal and Oil Trade	
Rapeseed Meal Imports (HS#230641, 230649)	2,068 (Romania)
Rapeseed Meal Exports (HS#230641, 230649)	58,535 MT Including: 28,547 MT - Spain 14,250 MT - Germany

	5,098 MT – Morocco
Rapeseed Oil Imports, HS#151411, 151491, 151499	1,117 MT (EU)
Rapeseed Oil Exports HS#151411, 151491, 151499	15,362 MT Including: 9,991 MT- The Netherlands 3,900 MT - Italy
Source: WTA	

Sunflower

MY2015/16

Planted area estimates vary as high as 780,000 HA with AgOffice estimate at 760,000 HA. Yields and quality were lower due to the summer heatwave, farmers reported smaller size seeds, poor pollination and empty seeds in select regions, and overall lower oil content. As of the end-October, the sunflower harvest was almost completed (95%). AgSofia estimate for the total crop is at 1.7 MMT or below earlier expectation (1.9 MMT).

Some very early industry estimates indicate high oleic production between 70,000 MT and 110,000 MT which represents 6% of total production. Production of confectionary sunflower is currently estimated at 40-50,000 MT (private estimates from 30,000 MT to 80,000 MT). Both estimates are subject of revision depending on final harvest data.

Lower sunflower crop in combination with also shorter rapeseed crop not only in the country but also in the region and in the EU, has led to constant growth in farm prices. Crushers have been very active in sourcing sunflower to accumulate stocks and the competition with exporters has intensified. Exports to date have been unusually small due to late harvest and active domestic demand. Farmers became reluctant sellers in anticipation of higher prices. On the other hand, crushers face strong market pressure over meal and oil prices and this forces them to work with lower crushing margins.

MY2014/15

Crush: As forecasted earlier, the local crush has increased and AgSofia's current estimate is for 900,000 MT. Select industry sources estimate crush at 950-980,000 MT. The higher crush was motivated mainly by favorable exports of sunflower meal, sunflower flour, oil and pellets, which make crush margins more attractive. Production of sunflower meal and oil are estimated to increase to about 480,000 MT- 490,000 MT of meal and 390,000 MT - 395,000 MT of oil. These products are likely to be exported due to limited domestic market demand.

Trade: Exports of sunflower seeds in MY2014/15 until July 2015 show lower than previously estimated exports, 790,000 MT, at the expense of improved domestic crush. Another important trend is higher exports of shelled and striped sunflower used for food purposes. These exports reached 250,000 MT while exports of sunflower for crush were at 540,000 MT (Table 5).

Sunflower meal exports were higher at 234,000 MT. The country also registered record exports of

sunflower flour to Turkey, which made combined meal and flour exports at 302,000 MT. Sunflower oil exports exceeded our earlier expectation and reached 333,000 MT (Table 6). Although this trade data is not for the full marketing year, it shows much more active trade compared to the previous season.

Table 5. Sunflower Seeds Trade, MY 2014/15 (October 2014 - July 2015) and MY2015/16 to date

Sunflower HS#1206	**MY2014/15**	**MY2015/16 to date – MinAg, FAS and Industry Sources**
Imports	36,000 MT Of which: 4,000 MT of planting seeds (HS#12060010), 18,600 MT shelled or in grey and white shell (HS#12060091) 13,400 MT oil bearing (HS#12060099) By origins: 18,652 – Romania 4,334- Ukraine 3,018 – Moldova	2,002 MT (MinAg)
Exports	788,424 MT Of which: 249,471 MT shelled or in grey and white shell (HS#12060091) 538,035 MT oil bearing (HS#12060099) By destinations: 207,064 - The Netherlands 95,769 – France 89,734 – Spain 50,030- Germany 75,429 – Turkey *Source: WTA*	9,345 MT exports for the period September 1- October 22 through the port of Varna (75% less than in the corresponding period a year ago) (MinAg) 117,750 MT exports as of October 30 (MinAg)

Table 6. Sunflower Meal and Oil Trade, MY 2014/15 October 2014 – July 2015.

Sunflower Meal and Oil Trade MY2014/15 (October 2014- July 2015)	
Sunflower Meal Imports (HS#2306 30)	63 MT
Sunflower Meal Exports (HS#230630)	233,923 MT Including:

	53,498 MT - Turkey 40,639 MT- Greece 17,923 MT- Germany
Sunflower Flour Exports (HS#120890)	68,284 MT – all to Turkey
Sunflower Oil Imports, (HS#1512)	9,540 MT (EU, mainly Romania and Hungary)
Sunflower Oil Exports (HS#1512)	332,976 MT Including: 64,189 MT - Germany 52,296 MT – Greece 32,641 MT– Macedonia 28,172 MT- South Africa 27,951 MT- Spain 11,525 MT – France
Source: WTA	

End of Report