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Report Name: Romanian Oilseeds Poised for Big Recovery

Country: Romania

Post: Bucharest

Report Category: Oilseeds and Products

Prepared By: Monica Dobrescu

Approved By: Jonn Slette

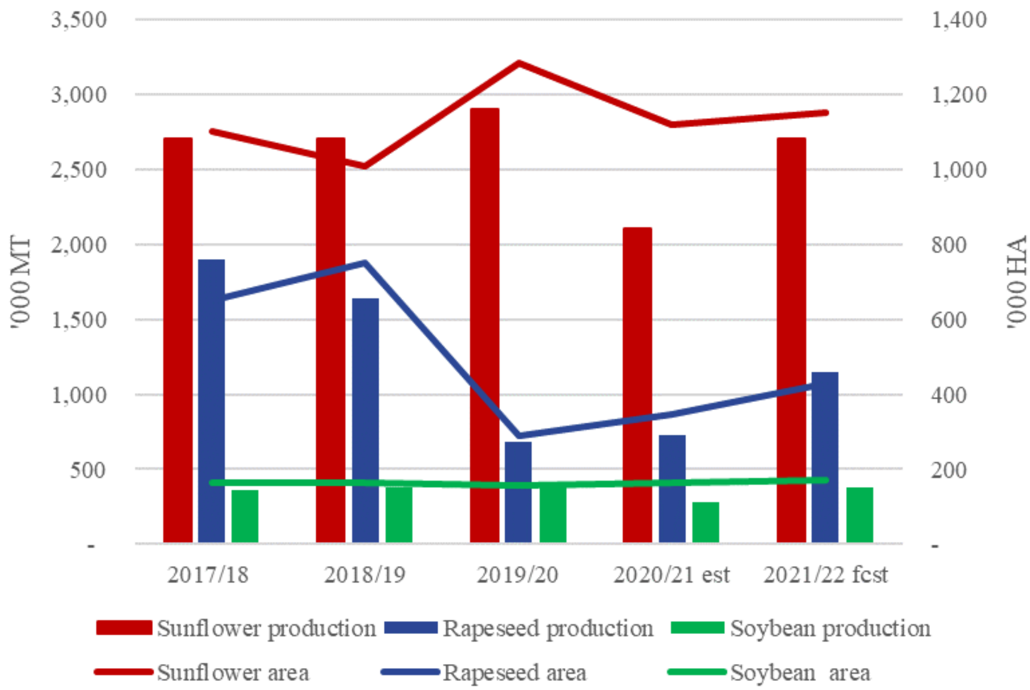
Report Highlights:

In marketing year (MY) 2021/22, total year-on-year Romanian oilseed production is forecast to increase by 36 percent due to favorable weather. Rapeseed production is projected to rebound by 59 percent, sunflower production by 29 percent, and soybean production by 36 percent. Oilseed exports are poised to jump 43 percent in MY 2021/22, after last year's 24-percent decline due to drought conditions. Robust demand for oilseeds in other EU markets will pull about 90 percent of Romania's exportable stocks.

Overview

Among Romania's area for oilseeds, sunflower accounts for the largest share, followed by rapeseed, and soybeans. In MY 2021/22, the total oilseed area is projected to grow by seven percent, mostly due to the expanded rapeseed area. 2021 weather conditions have been more favorable versus 2020. Following the dry 2020 autumn, abundant winter and spring rainfall boosted soil moisture levels across Romania's major agricultural areas, which were severely affected by last year's drought. The mild winter provided favorable conditions for the rapeseed crop, while replenished soil moisture levels ensured good starts for the sunflower and soybean crops. Post expects oilseed yields to recover in MY 2021/22. Total oilseed production is forecast to rebound by 36 percent to 4.2 million metric tons (MMT) (Chart 1). Oilseed exports are forecast up by 43 percent in MY 2021/22, following MY 2020/21's 24-percent decline.

Chart 1. Romania – Oilseeds area and production



Sources: National Institute of Statistics, FAS estimates

Sunflower seeds

MY 2021/22

Among EU Member States, Romania is the largest sunflower producer and has the largest sunflower area. In MY 2021/22, the area is forecast to expand 2.7 percent, as farmers are planting more sunflower acres due to improved global prices. In recent months, growing conditions improved significantly, including in the eastern and southeastern areas which suffered under last year's drought. Sunflower planting conditions were generally good, despite some delays due to chilly and rainy weather. The cool spring may also delay plant development. 2021 marks the second year that Romanian farmers were not authorized a waiver for using neonicotinoid plant protection products, which are essentially banned by the EU. Subsequently, farmers reported insect issues in the southeastern region, which may require replanting in some areas. With yields projected 4.6 percent above the five-year average, Post estimates sunflower production at 2.7 MMT, a 29-percent year-on-year increase. The sunflower crush in MY 2021/22 is forecast to grow in response to higher stocks, while MY 2021/22 exports are similarly forecast to grow by 39 percent (Table 1). High-oleic sunflower is expected to account for eight percent of total production, down from last year's 17 percent. The decline is due to last year's weaker demand and lower price premium.

MY 2020/21
Although the MY 2020/21 growing season initially looked promising, yields were 17 percent down from the previous year because of hot and dry conditions, especially in the eastern and southeastern regions. Total production reached 2.1 MMT, a 28 percent year-on-year decline. As a result of the short crop, sunflower seed exports are forecast down by 36 percent. Most Romanian sunflower exports are bound for other EU markets with large crushing capacities, such as the Netherlands and France, with only about 15 percent exported to non-EU markets, most notably to Turkey. Sunflower imports are almost negligible compared to exports. Moldova is a traditional supplier, especially for buyers in Romania's east. This year the second-largest supplier was Argentina, which shipped about 30,000 metric tons (MT). U.S. sunflower exports to Romania included seeds for planting and for the snack food industry.

Table 1: Romania, Sunflower seeds Trade

Romania	**2017/18**	**2018/19**	**2019/20**	**2020/21 (estimated)**	**2021/22 (forecast)**
Marketing Year Begin	**October, 2017**	**October, 2018**	**October, 2019**	**October, 2020**	**October, 2021**
MY Imports *(000) MT*	337	293	264	220	210
MY Exports *(000) MT*	1,827	1,841	1,778	1,140	1,580

Source: Trade Data Monitor, FAS estimates

Rapeseeds

MY 2021/22
Rapeseed is typically the first winter crop planted in Romania. Fall 2020 planting conditions were dry, which made for inconsistent plant emergence during the first stages of development. As fall progressed into winter, soil moisture levels improved. Winter weather conditions were generally favorable, although chilly spring temperatures slowed spring plant development. Current crop conditions are favorable. Post estimates the rapeseed area at about 430,000 hectares (HA). The increased area and expected higher yields should push MY 2021/22 rapeseeds production to 1.15 MMT, a 59 percent increase over last year. The rapeseed crush is anticipated to recover in MY 2021/22. Most oil will be used for the biodiesel production, with only a limited amount used for human consumption. Other EU markets account for almost all of Romania's rapeseed exports, which are expected to increase (Table 2). In line with European Commission recommendations, Romania did not issue farmers a temporary waiver to use neonicotinoid plant protection products for the 2021 rapeseed crop.

MY 2020/21
In spite of the challenging weather conditions, rapeseed yields did not dramatically drop in MY 2020/21. Yields were just 11 percent below the previous year. Romania's rapeseed production reached 725,000 MT in MY 2020/21. The seven-month trade data shows that strong export demand resulted in 46 percent higher exports, mostly to other EU markets with large crushing capacities, including the

Netherlands (202,000 MT), the Czech Republic (94,000 MT), Germany (93,000 MT), and Belgium (71,000 MT). Rapeseed exports are forecast 36 percent higher in MY 2020/21.

Table 2: Romania, Rapeseeds Trade

Romania	2017/18	2018/19	2019/20	2020/21 (estimated)	2021/22 (forecast)
Marketing Year Begin	**July, 2017**	**July, 2018**	**July, 2019**	**July, 2020**	**July, 2021**
MY Imports *(000) MT*	77	65	84	167	60
MY Exports *(000) MT*	1,565	1,282	373	509	804

Source: Trade Data Monitor, FAS estimates

Soybeans

MY 2021/22

Soybeans account for the lowest share of oilseed production in Romania. The MY 2021/22 soybean area is forecast slightly higher, driven by favorable market prices and consistent subsidy eligibility. Soybean farmers are eligible to receive EU coupled-support, which is calculated per hectare and reached $275/HA in 2020. Despite the favorable prospects, soybean production is limited to areas with favorable conditions and/or with access to irrigation. Based on planting conditions, yields are expected at 3.6 percent above the five-year average and total production is expected to reach 380,000 MT, a 36-percent increase year-on-year due to both larger area and improved yields, assuming weather conditions remain favorable. Soybean exports are forecast up by 28 percent, equally distributed between EU and non-EU markets. Soybean imports, mainly sourced from Brazil and the United States, are forecast to decline by seven percent under the prospects of higher domestic production and stocks (Table 3).

MY 2020/21

The MY 2020/21 drought reduced soybean production to 280,000 MT, a 30-percent decline year-on-year. Trade data available for the first four months of the MY 2020/21 shows the United States (26,000 MT) as Romania's top supplier, followed by Ukraine and Serbia. Due to the different harvest times, Brazil is expected to be the main soybean source during the second half of the MY. Romanian soybean exports declined by 39 percent during the first four months of the MY, due to limited exportable supplies. Russia (42,000 MT) was the primary export market, followed by Germany, Italy, and Turkey.

Table 3: Romania, Soybeans Trade

Romania	2017/18	2018/19	2019/20	2020/21 (estimated)	2021/22 (forecast)
Marketing Year Begin	**October, 2017**	**October, 2018**	**October, 2019**	**October, 2020**	**October, 2021**
MY Imports *(000) MT*	153	181	204	220	205
MY Exports *(000) MT*	224	230	224	160	205

Source: Trade Data Monitor, FAS estimates

Attachments:

No Attachments.