

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Post: Warsaw

2018 Annual Oilseeds and Products Report

Report Categories:

Oilseeds and Products

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Report Highlights:

In marketing year (MY) 2018/19 (July-June), Polish rapeseed production will drop to 2.0 million metric tons (MMT), a 26-percent decrease from MY2017/18. This production decrease stems from unfavorable weather conditions during fall planting in 2017 and drought conditions in May-July 2018. Rapeseed area planted was about 850,000 hectares, a seven-percent decline from the previous marketing year. Yields will drop from MY2017/18 due to hot, dry weather during late spring and early summer, which adversely affected plant development and reduced seed size.

General Information:

Production

MY2018/2019

Post estimates Polish rapeseed production in MY2018/19 (July-June) at 2.0 MMT, a 26-percent decrease from MY2017/18. The area planted in MY2018/19 for rapeseed was 850,000 hectares, a seven-percent decline from MY2017/18. Rains during fall planting in September 2017 and frosts in January 2018, coupled with inadequate snow cover, caused crop losses of about four percent. In May, June, and July 2018, major rapeseed production areas were negatively affected by drought, resulting in additional crop damage and yield losses. The widespread lack of moisture in Poland affected rapeseed development and resulted in small seeds and underdeveloped pods. FAS Warsaw estimates average MY2018/19 rapeseed yields at 2.35 metric tons (MT) per hectare, down from 2.94 MT in MY2017/18.

Rapeseed cultivation is concentrated in nine provinces in northern, western, and southern Poland. Most Polish rapeseed production occurs in the Dolnośląskie, Kujawsko-Pomorskie, Lubelskie, Mazowieckie, Opolskie, Pomorskie, Warmińsko-Mazurskie, Wielkopolskie and the Zachodniopomorskie provinces, as these areas have favorable climates and soil conditions for rapeseed cultivation. Poland is a leading producer of rapeseed in the EU, following Germany, France, and the U.K. Rapeseed accounts for 95 percent of Poland's oilseed production. In early July 2018 the average industrial rapeseed purchase price was PLN 1,550 per MT (\$421), almost unchanged from the same period in 2017.

MY2019/2020

Post forecasts that firm prices stemming from the current year's production shortfall will incentive rapeseed planting this fall and boost the area planted in MY2019/20. As a result, Post forecasts rapeseed area planted in MY2019/20 at 880,000 hectares, a three-percent increase over the current MY. Post forecasts that acreage of spring rapeseed in MY2019/20 will be 80,000 hectares. Assuming normal conditions, Poland's total production of rapeseed in MY2019/20 is forecast to increase by 20 percent over MY2018/19 to 2.4 MMT. The recent trend of diverting acres to rapeseed has slowed in Poland, mostly due to uncertainty regarding EU biofuels policies.

Table 1: Production, cultivated area and yield of rapeseed

Marketing year starts in July	MY 2014/2015	MY 2015/2016	MY 2016/2017	MY 2017/2018	MY 2018/2019*	MY 2019/2020**
Cultivated area (000 hectares)	951	947	823	914	850	880
Yield (MT/hectare)	3.44	2.85	2.70	2.94	2.35	2,73
Crop (000 MT)	3,276	2,701	2,219	2,691	2,000	2,400

Source: Main Statistical Office

*FAS Warsaw estimate

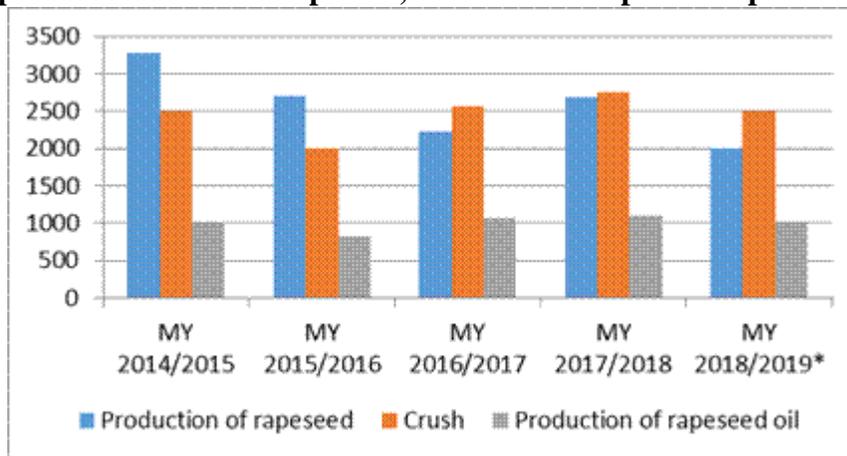
**FAS Warsaw forecast

Utilization

Rapeseed Oil

The MY2018/19 rapeseed crush will be upwards of 2.5 MMT, a nine-percent decrease from the previous year. The rapeseed crush is determined by vegetable oil demand for human consumption, as well as from the Polish biodiesel sector. Demand for rapeseed oil as a food staple is fairly inelastic. For several years food use of rapeseed oil has not exceed 400,000 MT. Demand as a biodiesel feedstock is growing commensurate with Poland's National Indicative Target (NIT) for biodiesel. In MY2018/2019 the biodiesel sector will use the same amount of rapeseed oil as last year, due to lower rapeseed availability caused by the drought. Assuming normal conditions in MY2019/20, rapeseed oil production should increase as production rebounds over the current MY.

Graph 1: Production of Rapeseed, Crush and Output of Rapeseed Oil (000 MT)



Source: Main Statistical Office

*FAS Warsaw estimate.

Rapeseed and Soybean Meal

In MY2018/19 output of rapeseed meal (a byproduct of the crush) will be 1.5 MMT, a nine-percent decrease from MY2017/18. Lower meal production stems from the abovementioned reduced rapeseed output. Feed use of rapeseed meal in MY2018/19 will be five percent lower than the previous year, because of lower output, which will only partly be offset by reduced exports. Swine are the main consumer of rapeseed meal. The Polish poultry industry, which is projected to increase production by an additional three percent in 2018, will increasingly use imported soybean and sunflower meals.

Soybean meal is the primary vegetable protein used in livestock nutrition. As domestic soybean production stems from only 12,000 hectares, the demand for soybean meal is mostly supplied by imports, typically from South America. In 2017, soybean meal accounted for 57 percent of vegetable protein in feed, followed by rapeseed meal at 22 percent, sunflower meal at nine percent, legumes at 11 percent, and others at one percent. FAS Warsaw forecasts that in MY2019/20 the demand for soybean meal will continue to grow due to the steady growth of the poultry industry.

Trade

Rapeseed

In MY2016/17 Poland became a net importer of rapeseed, because of lower domestic production. Total MY2016/17 exports amounted to 215,000 MT, a 75 percent drop from MY2015/16. All exports were destined for the EU, with Germany as the main destination. As a result of higher production in MY2017/18 rapeseed exports almost doubled over the previous year, however, Poland remained a net importer. During the first nine months of the MY2017/18 (July-March) Poland exported 302,000 MT of rapeseed, 67 percent more than in the same period of MY2016/17.

Table 2: Exports of Rapeseed (000 MT)

Marketing Year starts in July	MY 2014/2015	MY 2015/2016	MY 2016/2017	Jul-March 2017/2018	Jul-March MY2017/18 Jul-March MY2016/17 (%)
World	915	876	215	302	67
Germany	686	632	200	274	59
Czech Republic	22	58	11	18	137
United Kingdom	6	0	0	5	n/a

Source: GTA

In MY2016/17, Poland imported 49,000 MT of rapeseed meal, mainly from Germany and Ukraine. In MY2017/18 rapeseed meal imports declined because of higher production. Total imports in MY2017/18 amounted to an estimated at 30,000 MT. During the first nine months of MY2017/18 (July-March), Poland imported 19,000 MT of rapeseed meal, 35 percent less than in the same period of MY2016/17, mainly because of reduced imports from Ukraine and Germany.

Table 3: Imports of Rapeseed Meal (000 MT)

Marketing Year starts in July	MY 2014/2015	MY 2015/2016	MY 2016/2017	Jul-March MY2017/2018	Jul-March MY2017/18 Jul-March MY2016/17 (%)
Total	58	48	37	19	-35
Germany	16	15	23	10	-26
Ukraine	25	27	14	8	-35
Slovakia	5	2	2	0	-83

Source: GTA

Soybean Meal

In MY2016/17, Poland imported 2.39 MMT of soybean meal, three percent more than in the previous year, because of growing demand from poultry sector. The value of imports of soybean meal was over \$900 million, 90 percent of which originated from South America. Soybean meal demand remains strong because it is the next protein source for poultry feeding rations and Poland is the largest broiler

and turkey producer in the EU. In MY2017/18 imports of soybean meal will increase an additional five percent, based on increased demand from Poland's still-growing poultry production and continued use in swine feeding.

Table 4: Volume of Imports of Soybean Meal (000 MT)

MY starts in October	MY 2014/2015	MY 2015/2016	MY 2016/2017	MY 2017/2018*
Total	2,254	2,137	2,389	2,500
Argentina	1,241	1,403	1,718	1,600
Paraguay	326	422	439	400
Russia	182	123	41	80
Germany	250	35	55	16
United States	128	33	28	40
Brazil	60	0	65	200
Ukraine	9	22	11	20
Denmark	25	1	3	5
Netherlands	3	23	11	2

Source: GTA

*FAS Warsaw estimate

In MY2016/17 soybean meal imports from the United States were 27,870 MT, 16 percent lower than a year ago. U.S. imports in value terms decreased by three percent from the previous year, to \$11 million. During the first six month of MY2017/18, imports from the United States amounted to 32,802 MT, an 18-percent increase over the corresponding period from the previous year due to reduced imports from Argentina, which remains Poland's primary soybean meal supplier.

Table 5: Value of Imports of Soybean Meal (\$000)

MY starts in October	MY 2014/2015	MY 2015/2016	MY 2016/2017	MY 2017/2018*
World	1,001	821	892	930
Argentina	589	536	632	600
Paraguay	152	165	165	140
Russia	82	48	20	40
Germany	57	14	21	7
United States	60	10	11	15
Brazil	41	2	26	50
Denmark	4	3	3	5
Ukraine	3	6	4	8
Netherlands	2	19	4	4

Source: GTA

*FAS Warsaw estimate