

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Bulgaria

**Post:** Sofia

### Oilseeds and Products Market Update

**Report Categories:**

Oilseeds and Products

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**Report Highlights:**

Fall drought conditions led to a three-percent decline in winter rapeseed area planted and could reduce the yield potential for winter rapeseed in marketing year (MY) 2019/20. Bulgarian farmers harvested another good sunflower crop due to favorable weather, with average yields up 13 percent over 2017. However, production is estimated to decline from the previous MY due to a lower area harvested.

Bulgaria is expected to remain a growing exporter of de-hulled sunflower seeds, sunflower meal, and sunflower oil. Soybean meal imports are forecast to increase in MY2018/19.

## **General Information:**

### **Weather Overview**

The 2018 fall planting season for winter rapeseed was challenging due to persistent dry weather between August and mid-November. Recent satellite surface and subsurface soil moisture [images](#) show Bulgaria among Europe's most drought-affected countries (see Maps 1 and 2). Although the [northwestern](#) region experienced Bulgaria's driest conditions, the south-central region was also critically affected. Temperatures were relatively [normal](#) and evaporation was roughly [average](#), but water-stressed rapeseed seedlings had difficulties during germination. Farmers report underdeveloped plants, uneven crop development, and higher instances of pest infestation, all of which may make the rapeseed crop vulnerable to winter losses. Despite the challenges to winter rapeseed, the dry weather was generally favorable for the sunflower harvest.

### **MY2019/20 Forecast**

According to the Ministry of Agriculture's (MinAg) weekly Bulletin #49, weather constraints reduced the rapeseed area planted by 2.9 percent to 167,000 hectares (HA). Early signs from the trade indicate that farmers are likely to decrease sunflower area planted in 2019 due to low prices and challenges vis-a-vis exports. The soybean area is likely to be stagnant or lose acreage due to production and marketing challenges.

### **MY2018/19 Current Estimates**

**Rapeseed:** In August, MinAg's final harvest data ([Weekly Bulletin #34](#)) showed a 13.6-percent increase in area harvested. Although the area planted and area harvested were higher, dry conditions in April followed by abundant rainfall in May and June lowered yields. Final harvest data shows average yields of 2.5 metric tons (MT)/HA compared to 2.99 MT/HA in MY2017/18. Despite a 14-percent increase in the area harvested, a 16-percent yield reduction resulted in five-percent total decrease in rapeseed production from MY2017/18. FAS Sofia's production estimate is revised downward to 456,000 MT (see Tables 1 and 2).

Rapeseed exports saw a dynamic start due to favorable demand in Western and Northern Europe. As of November 30, Bulgaria exported 404,000 MT, or 88 percent of its crop, to the other European Union (EU) markets (Table 3). FAS Sofia forecasts that lower rapeseed stocks will reduce the domestic crush from MY2017/18 (Table 6).

According to official reports, the MY started with 15,000 MT of beginning stocks. Available stocks on November 30 were 37,200 MT ([MinAg bulletin](#)), a three-year low point, and only 44 percent of the corresponding period last year. FAS Sofia projects record low ending stocks by June 30, 2019.

**Sunflower:** The sunflower area planted declined more than initially expected, as market prices dropped on average by 20 percent in MY2017/18. Final MinAg harvest data ([Weekly Bulletin #45](#), November) shows area harvested at 735,000 HA and average yields of 2.57 MT/HA (Tables 1 and 2). Despite favorable rains in May and June, July and August summer dryness had a negative impact of final yields. As a result, production decreased by eight percent to 1.913 million metric tons (MMT) from MY2017/18. This is in line with FAS Sofia's earlier production estimate.

As of mid-November, the market experienced an unusual situation, as sunflower imports exceeded exports (Table 3). Abundant regional production, mainly in Romania, Moldova, and Ukraine, made imports more competitive for local crushers than domestic stocks. In addition, farmers have been reluctant sellers due to low prices. Strong demand for crushing is forecast to reduce exports of sunflower seeds at the expense of local processing, both for crush and for de-hulling. See Posts trade and consumption estimates below in Table 6.

MinAg reported MY2018/19 beginning stocks at 380,000 MT, which should sustain domestic demand, despite the lower sunflower crop. Stocks available at the end of November were at 1.81 MMT, at the same level as in the corresponding period last year.

**Soybeans:** Current MinAg data shows only 2,000 HA harvested this year and production of 5,200 MT (Tables 1 and 2). Most farmers switched to other protein crops such as chickpeas, peas, and dry beans. Soybean meal imports are forecast to increase driven by more favorable local demand in MY2018/19.

### **MY2017/18 Final Estimates**

**Rapeseed:** Final trade data for **MY2017/18** shows that Bulgaria continues to be a net exporter of rapeseeds (Tables 4, 5 and 6). Domestic crush is limited by the needs of the biodiesel market. Most of locally produced rapeseed meal and oil are exported to the EU.

**Sunflower:** Domestic sunflower demand keeps increasing and is higher than FAS Sofia's earlier forecast. The larger crush was driven by attractive margins and favorable export demand for sunflower meal and oil. Trade data through August (Table 4) indicates higher imports for sunflower seeds for crush due to its price attractiveness and lower exports than previously expected due to strong domestic demand. The crush growth resulted in significant increase in exports of processed products (sunflower meal and oil). Tentative data shows that sunflower meal exports jumped by 240 percent from 179,000 MT in MY2016/17 to 434,000 MT in MY2017/18. Similarly, exports of sunflower oil rose by 220 percent from 169,000 MT in MY2016/17 to 381,000 MT in MY2017/18. With slow local consumption of meal and oil, Post projects that future crush growth will be due to higher export potential of processed products.

De-hulling sunflower seeds also continues to be a successful business for many small and medium-sized companies. Exports of confectionary and de-hulled seeds are expanding. Trade data shows that exports of such type of sunflower seeds (HS#12060091) in MY2017/18 are about 310,000 MT (325,000 MT per MinAg) or 40 percent of total sunflower seeds exports. According to MinAg data, 464,000 MT of sunflower seeds were de-hulled in Bulgaria during the MY.

**Soybeans:** Soybean meal imports increased during the first half of the MY driven by domestic demand. In the second half of the year, imports stagnated due to the challenging animal health situation faced by the poultry and swine industries.

### **Agricultural Policy**

MinAg announced plans to pay direct subsidies to farmers early this year, in December instead of the previous February/March timeframe. Advanced payments are expected to be about 700 million leva (\$400 million) and will cover the basic subsidy rate under the Single Area Payment Scheme. Other

subsidies such as ‘green’ and disadvantaged-area payments will be dispersed during the first half of 2019.

**Appendix:**

**Table 1: FAS Sofia Oilseeds Production Estimates MY2018/19**

Crop	Area Harvested, HA	Production, MT
Rapeseed	183,000	459,000 (at EU standard moisture content of 9.0%) 456,000 (at national standard moisture content of 8.4%)
Sunflower	736,000	1,913,900 MT (at EU standard humidity content of 9.0%) 1,889,000 (at national standard humidity content of 7.8%)
Soybeans	2,000	5,230 MT (at EU standard moisture content of 14.0%) 5,000 MT (at national standard moisture content of 10.1%)

*Source: Eurostat and Bulgarian Ministry of Agriculture*

**Table 2: Oilseeds Production Data MY2018/19 and MY2017/18**

Crops	Area Harvested (000 HA)		Production (000 MT)	
	MY2018/19	MY2017/18	MY2018/19	MY2017/18
Rapeseed	183	161	459	482
Sunflower	736	899	1,913	2,084
Soybeans	2	12	5	21
Total	921	1,072	2,377	2,587

*Source: Eurostat data based on EU standard moisture content*

**Table 3. MY2018/19 Trade in Major Oilseeds Crops and Products as of November 30, 2018**

Types of Oilseeds and Products	Imports, MT	Exports, MT
Rapeseed	8,230 (EU)  Note: EU Customs Surveillance report shows 7,085 MT imports as of December 10, 2018	404,115 (including 465 MT to third countries);  Note: EU Customs Surveillance report shows 25 MT exported to third countries as of November 19, 2018
Sunflower	110,571 (EU)  Note: EU Customs Surveillance report shows 54,078 MT imports as of December 10, 2018	114,956 (including 4,256 MT exported to third countries);  Note: EU Customs Surveillance report shows 47,934 MT exported to third countries as of December 10, 2018
Soybeans	40	0
Soybean Meal	6,730	0
Soybeans Oil	5,654	0
Rapeseed Meal	0	916
Rapeseed Oil	3,393	12
Sunflower Meal	0	58,637

Sunflower Oil	2,509	87,698
Palm Oil	10,191	147

*Note: EU Customs data shows slightly different imported and exported quantities for third countries, please, see details [here](#). This is partly due to different methodology (marketing years for soybean and sunflower crops July1 – June 30)*

*Source: EU Customs data (TAXUD) and Bulgarian MinAg weekly bulletins.*

**Table 4. MY2017/18 Trade in Major Oilseeds Crops and Products**

Products	Imports, MT	Exports, MT
Rapeseed	36,131 (including 23,743 MT from third countries- Ukraine, Moldova and Macedonia)	428,380 (including 33,151 MT to third countries)
Rapeseed Meal	2,022 (EU)	32,302 (EU)
Rapeseed Oil	1,336 (EU)	20,845 (including 3,000 MT to Morocco)
Sunflower*	203,869 (including 82,145 MT from third countries)	784,277 (including 188,000 MT to third countries)
Sunflower Meal	5,006 (mainly from Ukraine)	434,291 (including 143,000 MT to third countries –Turkey, Morocco, Serbia and Macedonia)
Sunflower Oil	18,210 (including 8,755 MT from third countries)	381,449 (including 175,000 MT to third countries – South Africa, Morocco, Bosnia &Herzegovina)
Soybeans*	465	3,214 (2,000 MT to Serbia)
Soybean Meal	120,178	1,025 (EU)
Soybean Oil	11,556	NA

*Note: \*Rapeseed trade data is final for MY2017/18; sunflower and soybean data is based is for October 2017- August 2018.*

*Note: EU Customs data shows slightly different imported and exported quantities for third countries. See details [here](#). This is partly due to different methodology (marketing years for soybean and sunflower crops July1 – June 30)*

*Source: World Trade Atlas (WTA), EU Customs data (TAXUD) and Bulgarian MinAg weekly bulletins.*

**Table 5. Rapeseeds Imports and Exports, MY2017/18**

Bulgaria Import Statistics								
Commodity: 1205, Rape Or Colza Seeds, Whether Or Not Broken								
Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change
		2016	2017	2018	2016	2017	2018	2018/2017
World	T	14,557	39,803	36,131				- 9.22

					100.00	100.00	100.00	
Romania	T	12,511	25,071	11,877	85.94	62.99	32.87	- 52.63
Ukraine	T	0	6277	10,449	0.00	15.77	28.92	66.45
Moldova	T	0	6,777	10,415	0.00	17.03	28.82	53.67
<b>Bulgaria Export Statistics</b>								
<b>Commodity: 1205, Rape Or Colza Seeds, Whether Or Not Broken</b>								
Year Ending: June								
Partner Country	Unit	Quantity			% Share			% Change
		2016	2017	2018	2016	2017	2018	2018/2017
World	T	319,994	488,736	428,380	100.00	100.00	100.00	- 12.35
Belgium	T	69,686	233,632	185314	21.78	47.80	43.26	- 20.68
Netherlands	T	0	54,732	124,,756	0.00	11.20	29.12	127.94
France	T	110,993	71,811	47153	34.69	14.69	11.01	- 34.34
Portugal	T	0	0	26,410	0.00	0.00	6.17	0.00
South Africa	T	0	0	20,998	0.00	0.00	4.90	0.00
Turkey	T	82,407	2	10,927	25.75	0.00	2.55	∞
Romania	T	20,158	6,548	9,797	6.30	1.34	2.29	49.63

Source: WTA

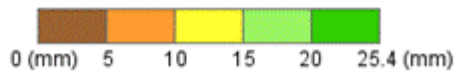
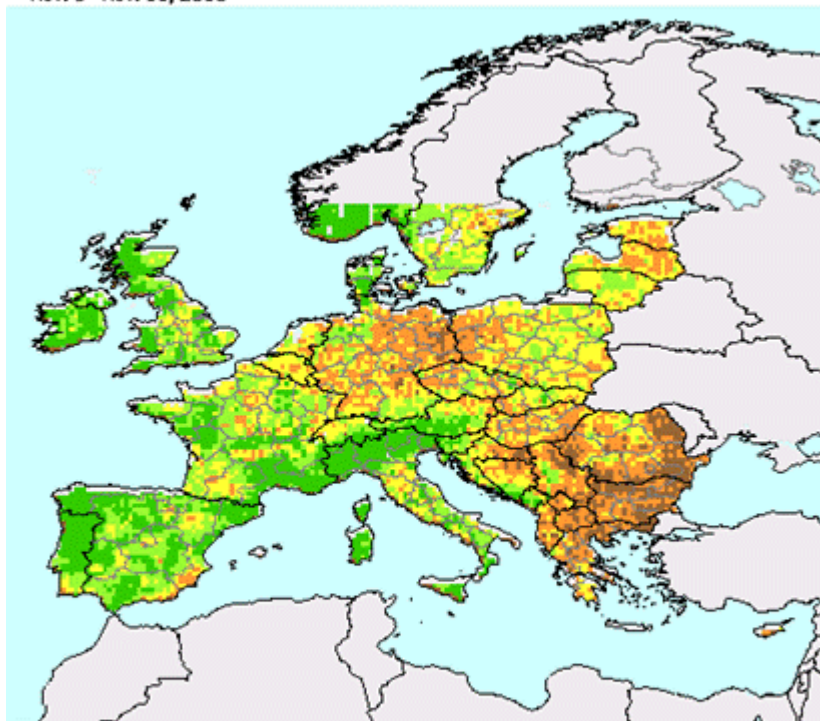
**Table 6. FAS Sofia Supply and Demand Estimates for Major Oilseeds Crops, MY 2017/18 and MY2018/19, (000 MT)**

	Rapeseed		Sunflower		Soybeans	
	MY 2017/18	MY 2018/19	MY 2017/18	MY 2018/19	MY 2017/18	MY 2018/19
Production	482	459	2,084	1,913	21	5
Imports	36	40	204	210	1	7
Exports	428	410	784	700	3	1
Domestic Consumption	90	85	1,400	1,450	19	11

**Map 1: USDA Crop Explorer, Surface Soil Moisture November 9-11**

# Surface Soil Moisture (SMAP)

Nov. 9 - Nov. 11, 2018



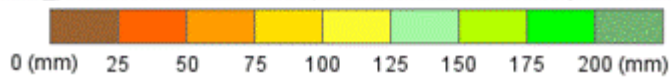
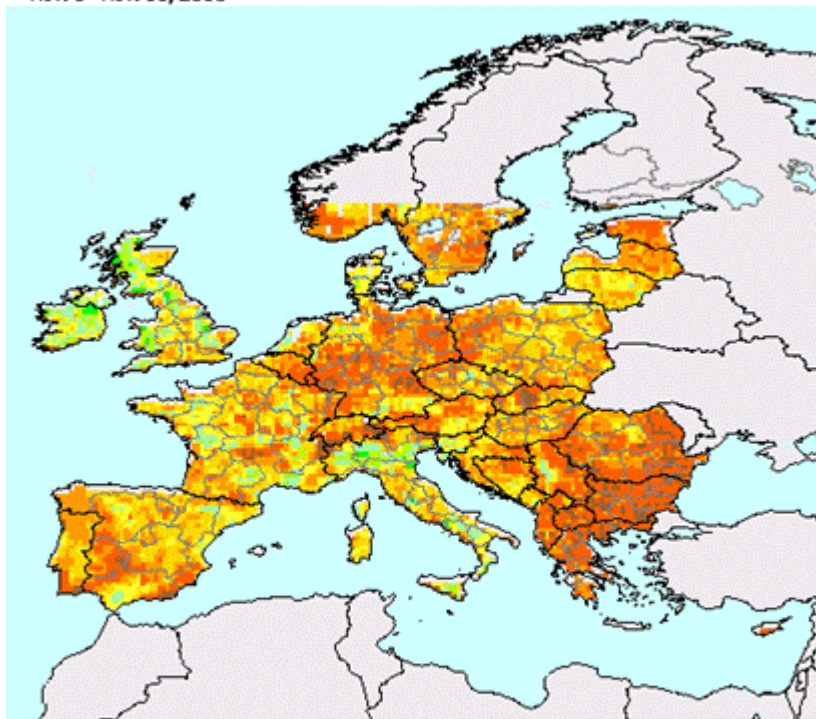
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International Production Assessment Division

Source: 2-layer Palmer Soil Moisture Model  
(corrected with SMAP imagery)  
NASA/GSFC/HSB; USAF 557th WW

**Map 2: USDA Crop Explorer, Subsurface Soil Moisture November 9-11**

# Subsurface Soil Moisture (SMAP)

Nov. 9 - Nov. 11, 2018



**USDA** Foreign Agricultural Service  
Office of Global Analysis  
International Production Assessment Division

Source: 2-layer Palmer Soil Moisture Model  
(corrected with SMAP imagery)  
NASA/GSFC/HSB; USAF 557th WW