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Report Name: Oilseeds and Products Market Update

Country: Bulgaria

Post: Sofia

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Report Highlights:

Bulgarian production of oilseed crops in marketing year (MY)2022/23 was at the same level as in MY2021/22 at 2.4 million metric tons (MMT), from 8 percent higher area harvested due to lower yields impacted by the summer heat and drought. The rapeseed crop was 20 percent lower while the sunflower production grew by about 4 percent compared to the previous season. The country became the top European Union (EU) importer of price-competitive sunflower seeds from Ukraine with a 40 percent share in total EU imports and also increased its crush. Bulgaria currently leads with 66 percent of total EU exports of sunflower meal and 47 percent of EU exports of sunflower oil. Farmers, however, have expressed deep concerns that the imported sunflower is depressing local prices. Post's early forecast for MY2023/24 is for higher oilseeds production if the weather cooperates and depleted soil moisture reserves are recovered in the spring.

Weather Overview

The winter oilseed crops (rapeseed) has developed relatively well due to mild winter conditions in November-January. There are a few farmers reporting that select rapeseed fields have to be reseeded due to frost/dryness. The southern part of Bulgaria had surplus rain while the northern part had temperature accumulation surplus (MARS January Bulletin Vol.30 №1). February was unusually warm and dry. Rapeseed benefited from warmer-than-usual temperatures and from good seasonal precipitation in the November-January period. These conditions allowed late planted rapeseed that was lagging behind in development to catch up and to currently be in good condition. However, due to limited snowfall, the precipitation was mainly in the form of rainfall, and in combination with warmer-than-usual weather and higher evaporation due to winter winds, resulted in lower soil moisture reserves, especially at the sub-surface level. Drier-than-usual conditions with precipitation anomalies of half of the average norm or more were observed in the southeastern part of Bulgaria and along the Black Sea coast. Overall, MY2022/23 precipitation to date is significantly lower than in the previous MY. Although rapeseed has developed well so far, there is a serious risk about the spring development when the water needs of the crop will increase (see Maps 1-6, Crop Explorer and Bulgaria data). In addition, there is a risk for the spring planting conditions for sunflower if there are not sufficient rainfalls in March/April to recover low soil moisture reserves.

MY2023/24 Forecast

Rapeseed: Unlike in the previous season, rapeseed was planted in the optimal time window due to rains in August/September period and promised a good start of the new crop. Farmers reduced area under rapeseed for two reasons (see GAIN report): increasing pressure from pests due to the EU ban on neonicotinoids, and the limited marketing window. In early 2023, the authorities recognized the need for a derogation of neonicotinoids and granted a limited derogation for select crops and regions, supported unanimously by the farm industry. However, the derogation did not include the rapeseed crop.

According to the Bulgarian Ministry of Agriculture's (MinAg) tentative data, rapeseed planting as of December 7, 2022 was at 112,000 HA, or 16 percent lower than a year ago (MinAg Weekly Report #49). Private estimates are higher at 120-125,000 hectares (HA). Post's early estimate for area planted is at 122,000 HA (Table 2) compared to 131,000 HA in MY2022/23 or six percent lower. Some reseeding of rapeseed fields is likely to take place in the spring of 2023 and contribute to a reduction in area planted. Due to the good start of the season and if the soil moisture reserves are replenished by sufficient spring rainfall, the crop has a potential to grow to 320,000 MT with average yields of 2.6 MT/HA.

Sunflower: Post's early projection for sunflower is for slightly higher area planted (Table 2). Sunflower is already at the upper level of area planted allowed by crop rotation practices, following a growth of nine percent in MY2022/23 over MY2021/22. Possible increase is expected to be small and due to some reseeding of rapeseed fields, or at the expense of compromised agronomic requirements. Despite softening of sunflower prices in recent months, most farmers still prefer to plant sunflower as a "safer" crop during possible summer droughts and due to lower production costs compared to corn. In 2023, sunflower is the only crop allowed to be planted on fallow land by the MinAg. It is still a difficult decision for producers due to current prices trending lower, high stocks in the country, abundant supplies in the Black Sea region, and reports from potential high crop in MY2023/24 in Ukraine. Provided that weather cooperates, Post's early projection for production is at 2.1 MMT (Table 2).

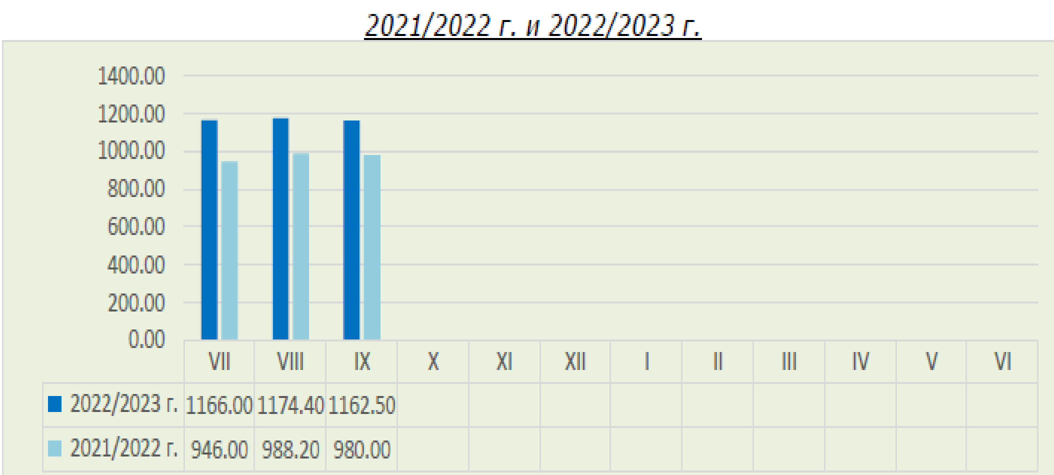
MY2022/23 Production Estimates, Trade and Use

Soybeans: Bulgaria is not a significant producer of soybeans (Table 1), however, there have been attempts by leading farmers to increase area planted due to the benefits of soybeans as it relates to soil nutrients (nitrogen) and other environmental advantages. The country is a net importer of processed soybean products.

Rapeseed: The latest MinAg/Eurostat official data confirmed rapeseed production at 300,000 MT at standard moisture content (Table 1). The crop was 20 percent lower than in MY2021/22, due to the same rate of reduction in average yields impacted by adverse weather upon stable area harvested. Decreased use of inputs and spring frosts affected average yields. Eurostat's final harvest data shows average yields at 2.29 MT/HA, compared with 2.87 MT/HA in the previous year.

Rapeseed prices have been higher in the current MY (Graph 1). Rapeseed has a short trading window and no trade/market prices have been reported since October 2022.

Graph 1. Rapeseed Monthly Market Prices, MY2022/23 vs MY2021/22 in Bulgarian Leva (BGN)/MT



*The chart shows prices for the MY, which begins in July, with MY 2022/23 in dark blue and MY 2021/22 in light blue.
Source: Bulgarian Ministry of Agriculture Monitoring of Commodity Markets Weekly Bulletins

Exports in the current MY as of the end of February were reported at 260,000 MT (MinAg), of which almost 200,000 MT went to the EU market and 60,000 MT to non-EU. This is slightly more than a year ago (249,000 MT) despite lower availability stimulated by favourable demand for exports (Table 3). Most of this volume (153,000 MT) was exported in the first quarter of the MY (Trade Data Monitor/TDM data), the same as in the corresponding period in MY2021/22. The main destinations were the Netherlands, Belgium, and Spain. Export demand has been better than that for crush to date.

At the same time, domestic crushers have looked for more price-competitive imports to complement weaker domestic suppliers. Imports as of the end of February grew to 79,000 MT compared to 49,000 MT in the previous season, or by 61 percent. About half of these imports came from non-EU origins

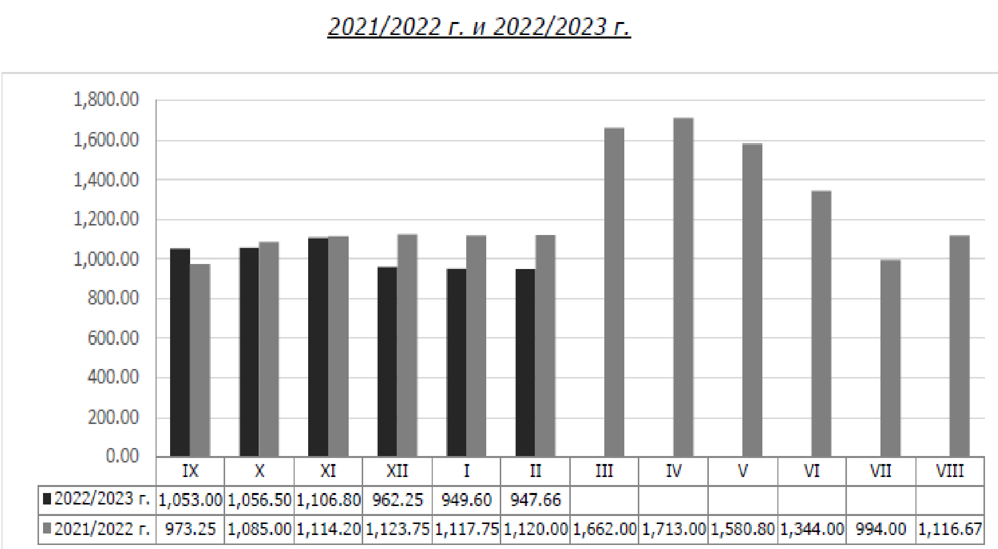
(Table 3). According to TDM, imports of rapeseed in the first quarter of MY2022/23 were at 19,075 MT, almost all from Ukraine. This was 60 percent lower than in the same period in MY2021/22 when the main suppliers were Romania and Moldova, despite lower local crop. Imports accelerated later in the season due to increasing demand for crush and traders' efforts to accumulate stocks in a situation of rapeseed deficit in the EU, and favorable export demand. In October and November 2022, imports were at 10,000 MT compared to none in MY2021/22.

Despite the attractive prices of processed rapeseed products and new investments in crushing facilities, crush in MY2022/23 has been impacted by the lower supplies. According to the MinAg data as of the end of February (Table 5), crush use was reported to be 33 percent lower than in the previous season. As a result, exports of processed products also declined (Table 3). The main export market for rapeseed oil was Romania, and for rapeseed meal were Israel and Greece.

Sunflower: The latest MinAg/Eurostat official data confirmed sunflower production at 2.1 MMT at standard moisture content (Table 1). The crop was 3.7 percent higher than in MY2021/22, due to 9.3 percent higher area harvested while the average yields were impacted by adverse summer weather and declined to 2.27 MT/HA or by 5 percent compared to 2.39 MT/HA in MY2021/22.

Farm-gate sunflower seed prices have softened after their peaks in the summer of 2022. Since September 2022 they have declined below the levels in MY2021/22. Farmers, pressured by higher production costs, preferred to harvest and hold onto sunflower seed stocks in expectation of more attractive prices. Domestic crushers were buying small quantities, while exports were non-existent. Many blamed skyrocketing price-competitive imports of Ukrainian sunflower as the main reason for depressed prices.

Graph 2. Sunflower Monthly Market Prices, MY2022/23 vs MY2021/22 in BGN/MT



	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII
2022/2023 г.	1,053.00	1,056.50	1,106.80	962.25	949.60	947.66						
2021/2022 г.	973.25	1,085.00	1,114.20	1,123.75	1,117.75	1,120.00	1,662.00	1,713.00	1,580.80	1,344.00	994.00	1,116.67

*The chart shows prices for the MY, which begins in September, with MY2022/23 in dark black and MY2021/22 in grey.
Source: Bulgarian Ministry of Agriculture Monitoring of Commodity Markets Weekly Bulletins

Imports of sunflower in the current MY throughout the end of February were reported at 584,000 MT (Table 3 and 5), or more than double higher than in the same period in MY2021/22. The EU Customs data (Table 3) shows even higher imports from non-EU origins at 757,000 MT (Note: EU Customs data shows imports since July 1, the MinAg data shows imports since September 1). According to these statistics, Bulgaria accounted for 40 percent of total imports of sunflower imports in the EU as of February 28, 2023. Imports from Ukraine were driven by price and quality competitiveness, and dynamic domestic crush demand (see GAIN).

Local crushers have taken advantage of Ukrainian imports and the crush increased, along with exports of processed products. As of the end of February, the MinAg reported 31 percent higher crush (Table 5). Dehulling of sunflower also increased by 16 percent compared to a year ago.

Exports have been sluggish due to local prices exceeding the Black Sea levels and farmers holding stocks. Still, exports as of the end of February was reported by the MinAg at 146,000 MT compared to 75,000 MT a year ago, or 95 percent higher than a year ago, due to more active exports in the last two months (Table 3). It is believed that some of these exports are transshipments of Ukrainian sunflower. About 80 percent of exports were destined to non-EU markets (118,000 MT). This ranks Bulgaria as a leading EU exporter with 45 percent share of total EU exports. Main export markets in the EU are the Netherlands, Germany, Spain, and outside the EU - China, the United States, and the United Kingdom.

MY2022/23 Processed Oilseed Products Trade

Soybean Meal and Oil: Bulgaria is a net importer of soybean products due to limited crush capacity and tiny local production. According to TDM, as of November 2022, imports of soybean meal (October and November 2022) were at about 18,900 MT compared to 23,369 MT in the corresponding period a year ago – decline of about 20 percent. This indicates lower import demand due to challenges of the domestic poultry, livestock, and dairy industries. In addition, the decrease in imports was affected by about $100/MT higher average import price in this period in MY2022/23 compared to MY2021/22. Imports of soybean oil decreased to only 1,524 MT for October/November 2022 compared to 5,019 MT the year before, due to $100+/MT higher import prices. Serbia and Greece remained the main sources for imports.

Rapeseed Meal and Oil: Throughout November 2022 (July-November), imports of rapeseed meal increased to 5,196 MT, mainly from Romania (Table 4) compared to 3,593 MT in the corresponding period in MY2021/22, due to lower domestic supply and despite higher import prices. Exports of rapeseed meal for the same periods declined to 9,465 MT in MY2022/23 from 29,182 MT in MY2021/22, or by close to 70 percent due to lower crush and exportable supplies. Israel is the main export market in MY2022/23 to date.

Imports of rapeseed oil for July – November 2022 were at 1,391 MT, mainly from Ukraine (Table 4) –a sharp decline of 87 percent compared to the corresponding period in 2021 (10,399 MT) when the main origin was Romania, due to higher import prices and reduced local demand for biofuels. Exports of rapeseed oil for the same periods increased to 7,244 MT in MY2022/23 from 5,147 MT in MY2021/22, or by 40 percent, mainly due to favorable demand in Romania and weaker domestic use.

Sunflower Meal and Oil: Bulgaria became a net exporter of processed sunflower products due to steady and expanding crush.

TDM data for sunflower meal exports in MY2022/23 (September-November) show 257,497 MT, 90 percent more than in MY2021/22 (135,839 MT) (Table 4). The main markets were China (184,150 MT), followed by Greece, the Netherlands, and Romania. (Note: o September is included in the current MY2022/23 since this is when the new crop comes for crushing and processed products become exported). As of the end of February, Bulgarian exports of sunflower meal exceeded 400,000 MT and accounted for 66 percent of total EU exports.

Exports of sunflower oil also increased. TDM data for sunflower oil exports in MY2022/23 (September-November) show 231,612 MT, 92 percent more than in MY2021/22 (120,723 MT) (Table 4). The main markets were India (61,831 MT), followed by Iraq, and Greece. As of the end of February, Bulgarian exports of sunflower meal exceeded 360,000 MT and accounted for 47 percent of total EU exports.

Ending Stocks MY2022/23

Lower production of rapeseed and the deficit market will likely reduce ending stocks to a minimum. As of the end of January, rapeseed stocks were 51 percent lower than a year ago (Table 5).

Sunflower stocks are also not expected to grow significantly due to lower local crop. Despite increased imports, most is processed in the short term. Crushers and traders avoid accumulating stocks due to declining prices. Farmers are still holding stocks. However, Post expects that sales will accelerate in the second half of the MY. As of the end of January, stocks were seven percent higher than in the previous year.

Agricultural Policy

Bulgaria, similar to other countries in Eastern Europe, has suffered from depressed farm prices in MY2022/23 due to the war in Ukraine. Farmers have been trapped between sharply increasing production costs and declining market prices. Leading farm organizations began to appeal for more domestic support and/or limitations on imports from Ukraine. For example, a local farm group questioned why imports of Ukrainian oilseeds produced with plant protection chemicals banned in the EU, are allowed. The issue has often been politicized. At the same time, the new EU agricultural policy implementing greening requirements, calls for increased expenses not necessarily leading to improved efficiency and competitiveness. At recent farm events, many producers expressed strong opinions and concerns about upcoming higher cost-related production requirements while the market demand remains depressed, volatile, and unpredictable. Policy makers also have raised concerns about the food security at times when negative farm margins, in combination with still growing inflation, don’t stimulate positive agricultural development.

Appendix

Table 1. Oilseed Crops Final Production Data MY2022/23 and MY2021/22, February 2023

Crops	Area Harvested (000 HA)		Production (000 MT)	
	MY2022/23	MY2021/22	MY2022/23	MY2021/22
Rapeseed	131.00	130.00	299.25	375.80
Sunflower	914.00	836.47	2,077.58	2002.18
Soybeans	3.00	2.00	4.66	2.81
Total	1,048.00	968.47	2,381.49	2,380.79
Source: Eurostat data based on EU standard moisture content- updated as of February 2023				

Table 2. FAS Sofia Oilseed Production Forecast MY2023/24, February 2023

Crops	Area Planted (000 HA)	Production (000 MT)
Rapeseed	122.0	320.0
Sunflower	917.0	2,120.0
Soybeans	2.0	3.0

Source: FAS Sofia

Table 3: MY 2021/22 Trade in Major Oilseed Crops, as of February 24, 2023

Types of Oilseeds	Imports, MT	Exports, MT
Rapeseed	78,722 MT EU Customs data (February 28) shows Bulgarian imports of rapeseed from non-EU at 32,176 MT	259,096 MT (of which 198,891 MT to the EU and 60,205 MT to non-EU markets)
Sunflower	584,438 MT EU Customs data February 28 shows Bulgarian imports of sunflower from non-EU at 757,350 MT	146,128 MT (of which 114,498 MT to the EU and 31,630 MT to non-EU markets) EU Customs data (February 28) shows Bulgarian exports of sunflower to non-EU at 118,100 MT
Source: MinAg weekly bulletins; Note: The Bulgarian MinAg uses September 1-August 31 as a MY for sunflower.		

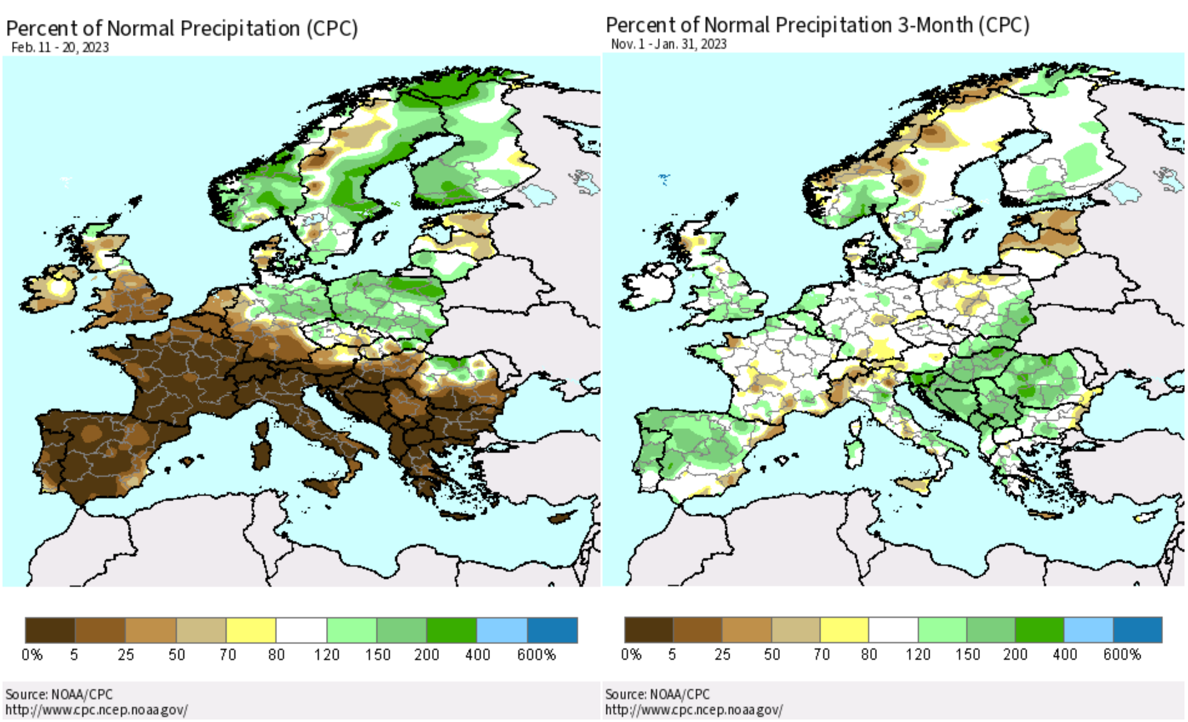
Table 4: MY2022/23 Trade in Major Oilseed Processed Products, as of November 2023

Types of Oilseeds	Imports, MT	Exports, MT
Rapeseed Meal (July-November)	5,196 MT: - 5,176 MT from Romania	9,465 MT: - 6,477 MT to Israel - 1,925 MT to Greece
Rapeseed Oil (July-November)	1,391 MT: - 947 MT from Ukraine	7,244 MT: - 5,470 MT to Romania
Sunflower Meal (September-November)	63,650: - 50,501 MT from Ukraine - 13,028 MT from Moldova EU Customs data February 28 shows Bulgarian imports of sunflower meal from non-EU at 129,226 MT	257,497: - 184,150 MT to China - 16,237 MT to Greece - 11,399 MT to the Netherlands - 11,140 MT to Romania EU Customs data February 28 shows Bulgarian exports of sunflower meal from non-EU at 409,571 MT
Sunflower Oil (September-November)	88,563 MT: - 80,717 MT from Ukraine - 4,274 MT from Romania EU Customs data February 28 shows Bulgarian imports of sunflower oil from non-EU at 187,660 MT	231,612 MT: - 61,831 MT to Spain - 50,939 MT to Iraq - 25,706 MT to Greece - 18,000 MT to South Africa - 15,468 MT to Spain - 12,300 MT to Turkey - 12,203 MT to Italy EU Customs data February 28 shows Bulgarian imports of sunflower oil from non-EU at 360,115 MT
Soybean Meal (October-November)	18,901 MT: - 16,656 MT from Romania	None
Soybean Oil (October-November)	1,524 MT: - 1,328 from Serbia	128 MT
Source: Trade Data Monitor (TDM)		

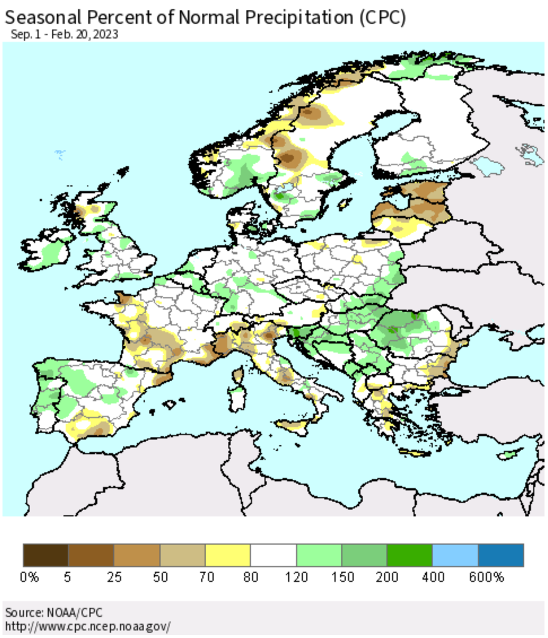
Table 5. Oilseeds Exports, Imports, Stocks and Use as of January 31 in MY2022/23 and MY2021/22, in MT

Types of Grains and Use	MY2022/23	MY2021/22	Change, MY 2022/23 to MY 2021/22 in Percent
Rapeseed Imports	57,222	48,836	+17%
Rapeseed Exports	243,239	230,396	+6%
Rapeseed Crush Use	56,400	84,650	-33%
Rapeseed Stocks	55,683	116,454	-51%
Sunflower Imports	543,545	267,281	+103%
Sunflower Exports	113,915	66,083	+72%
Sunflower Crush Use	831,400	632,900	+31%
Sunflower for Shelling/Dehulling Use	252,050	216,500	+16%
Sunflower Stocks	1,659,433	1,545,243	+7%
Source: MinAg Weekly Grain Market Bulletins 2022 and 2023, as of January 31.			

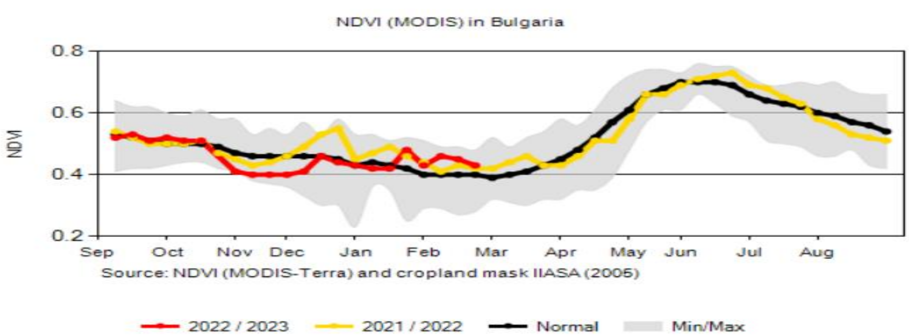
Map 1: USDA Crop Explorer, Europe, Percent Normal Precipitation, February 11-20, 2023 and November 1, 2022- January 31, 2023

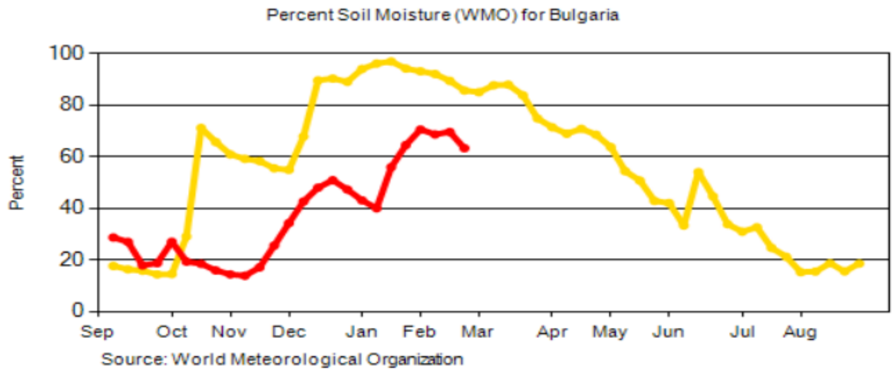


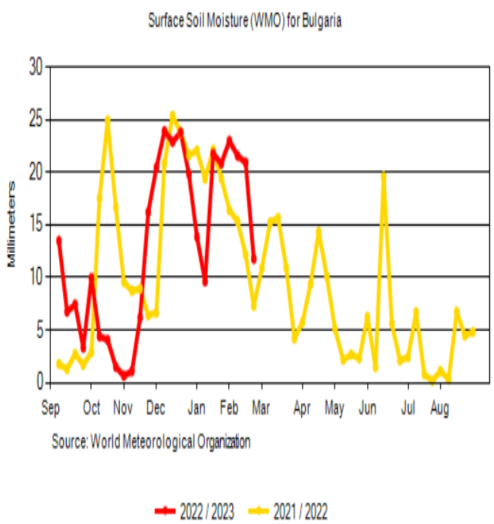
Map 2: USDA Crop Explorer, Europe (including Bulgaria), Seasonal Percent of Normal Precipitation September 1- February 20, 2023.

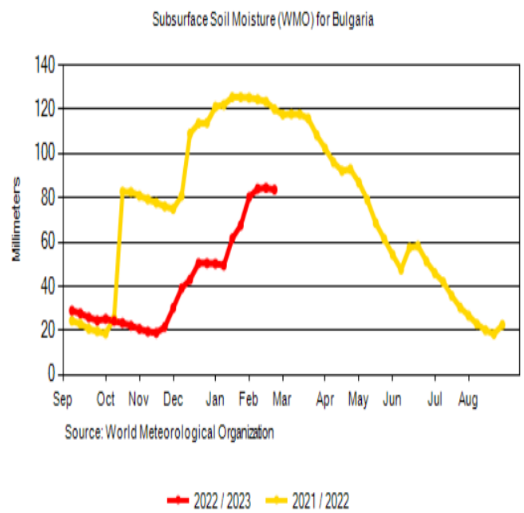


Map 3. **USDA [Crop Explorer](), Bulgaria, Vegetation Index (NDVI), Percent of Soil Moisture, Surface and Subsurface Soil Moisture, as of February 19, 2023**

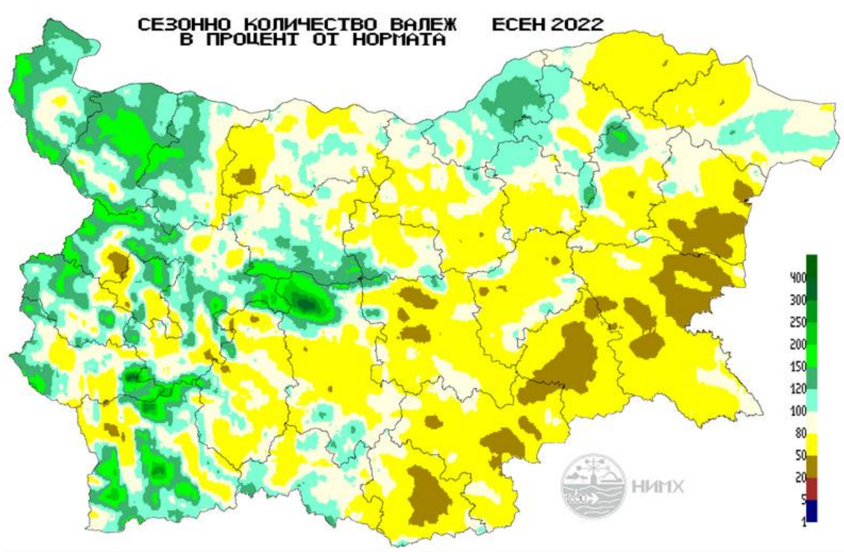



Percent Soil Moisture (WMO) for Bulgaria
Percent
100
80
60
40
20
0
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Source: World Meteorological Organization

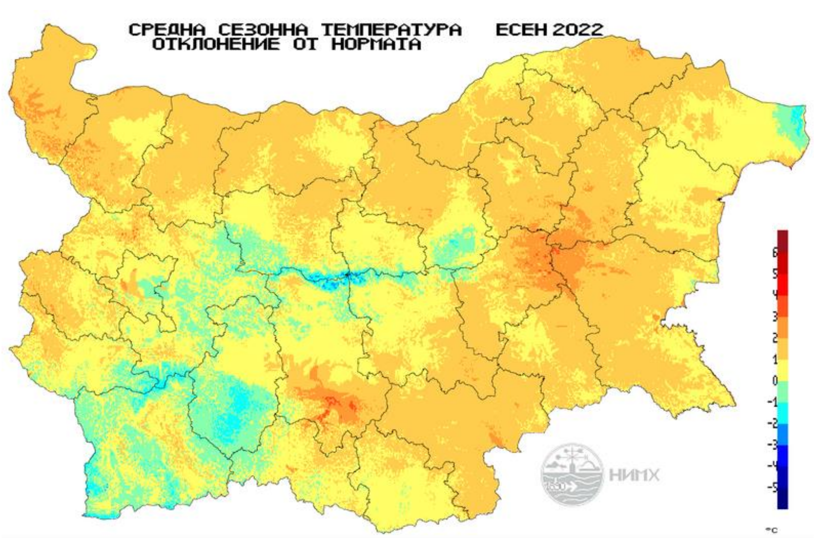

Surface Soil Moisture (WMO) for Bulgaria
Millimeters
30
25
20
15
10
5
0
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Source: World Meteorological Organization
2022 / 2023
2021 / 2022


Subsurface Soil Moisture (WMO) for Bulgaria
Millimeters
140
120
100
80
60
40
20
0
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Source: World Meteorological Organization
2022 / 2023
2021 / 2022

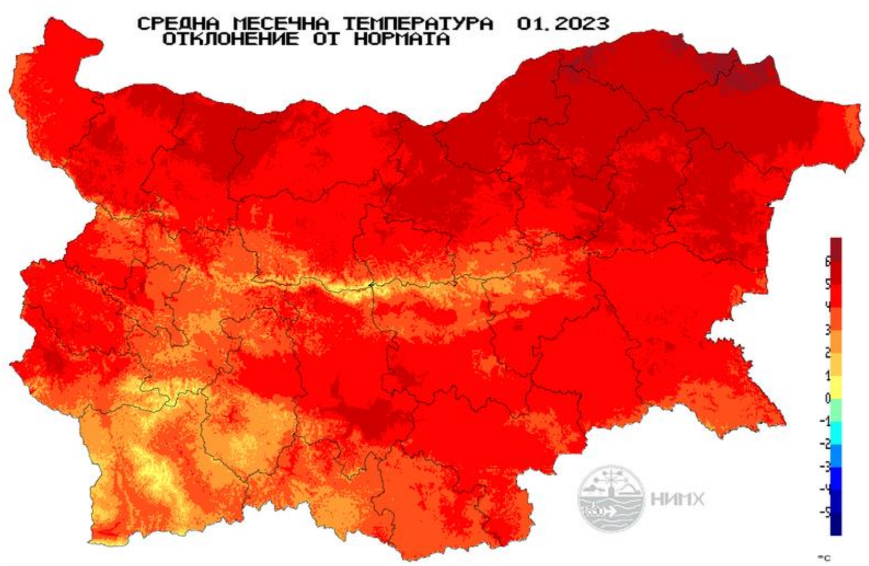
Map 4. Seasonal Rainfall Fall 2022 as a Percent of the Norm, Source: [Bulgarian National Institute of Meteorology and Hydrology]

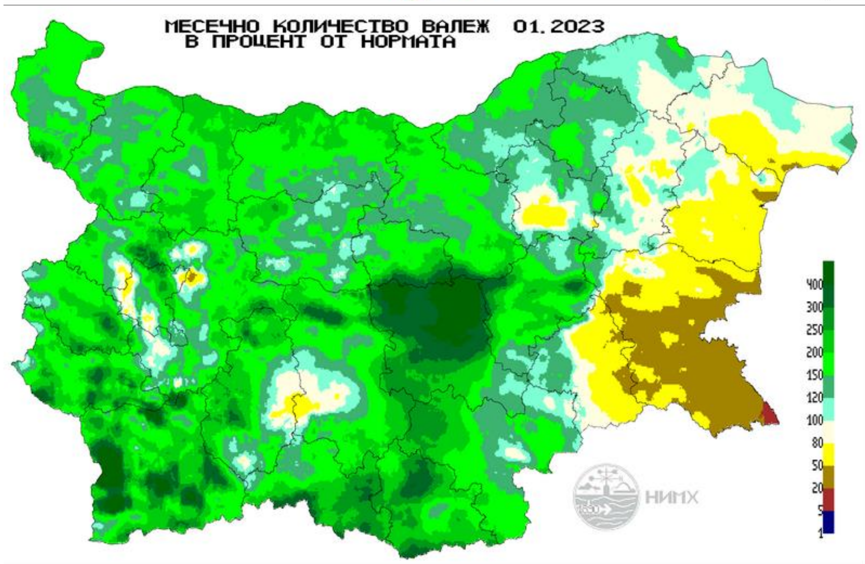


Map 5: Fall Season 2022: Deviation from the Average Seasonal Temperature Norm, Source: [Bulgarian National Institute of Meteorology and Hydrology]



Map 6. January 2023, Deviation from the Average Monthly Temperature Rainfall as Percent of the Norm, Source: [Bulgarian National Institute of Meteorology and Hydrology]





Attachments:

No Attachments.