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## Bulgaria

**Post:** Sofia

### Oilseeds and Products Market Update

**Report Categories:**

Oilseeds and Products

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**Report Highlights:**

Bulgaria's rapeseed harvest commenced earlier than normal this year. About two percent of rapeseed area was harvested as of June 22. Northern production regions experienced less-favorable weather conditions and yields will likely be negatively affected as a result. Average yields in southern Bulgaria are likely to exceed those from marketing year (MY) 2017/18. The overall rapeseed harvested area is 13 percent higher than last year and despite inconsistent yields from region to region, Post forecasts an eight-percent production increase over MY2017/18. Sunflower acreage declined sharply this year, although to date, the current sunflower crop has developed well due favorable June weather. Forecast yields are above last year and above average.

MY2017/18 rapeseeds ending stocks will be reduced due to active exports. Bulgaria's sunflower crush has increased significantly and exports of sunflower meal and oil during the first half of the marketing year saw double digit growth over last year. MY2017/18 soybean meal imports increased by 12 percent due to favorable demand from the poultry and pork industries.

## **General Information:**

### **Overview**

Throughout April and May 2018, temperatures were persistently warmer than average throughout Bulgaria, which accelerated crop development and an earlier spring harvest. Some regions, mainly in the northeast, experienced dry condition, while other regions, including the northwest, saw sufficient levels of rainfall and better crop development. Frequent rainfall and cooler temperatures in early April delayed spring sunflower planting, which may lead to reduced yields during the fall harvest. Heavy rains during June, especially in the northwest and central parts of the country, have delayed the rapeseed harvest, but are favorable for sunflower development.

### **MY2018/19**

**Rapeseed:** Post currently estimates that average yields will be 2.8 metric tons (MT) per hectare (HA) and total production will reach 520,000 MT, compared to 482,000 MT in MY2017/18 (Tables 1 and 2). Post may revise its estimates based on weather conditions during harvest. Rapeseed planted area was 13 percent higher over last year due to attractive prices and strong demand in the European Union (EU). Winter losses were negligible due to mild winter conditions. Challenging weather conditions in important growing regions during April, May, and June are likely to reduce yields below last year's averages. Local yield estimates vary, including 2.3 MT/HA (Bulgarian Agricultural Economy Institute); to 2.5 MT/HA (MARS bulletins/JRC-EU, June edition); to 2.85 MT/HA (Bulgarian Agroportal 2018 Crop Survey); and to 2.9 MT/HA (Bulgarian Ministry of Agriculture (MinAg)). Last year's yield average was 2.99 MT/HA.

**Sunflower:** Post currently forecasts average sunflower yields at 2.4 MT/HA and production at 1.9 MMT (Table 1). Further revisions are likely, pending final harvest data. Significantly lower prices during MY2017/18 (average 20 percent) reduced sunflower acreage. According to a MinAg weekly bulletin from late May, sunflower planted area was 12 percent lower than last year. Government and industry forecasts estimate sunflower acreage at 730,000 HA (MinAg) to 800,000 HA (industry sources), compared to 897,000 HA in MY2017/18. Many farmers have opted for protein crops (pulses) at the expense of sunflower. Favorable weather, to date, indicates above-average yields and above MY2017/18 (2.32 MT/HA). Yield estimates vary widely from 1.85 MT/HA (Agricultural Economics Institute); to 2.2-2.5 MT/HA (trade sources); and to 2.4 MT/HA (MARS bulletins/JRC-EU, June edition). Production estimates range from 1.5 MMT to 2.0 MMT.

**Soybeans:** Despite enthusiasm three years ago for soybean production due to new subsidies and the Danube Soya initiative, Bulgarian farmers have been disappointed in the results and the interest in soy production has sharply declined. Current MinAg data shows only 2,500 HA planted this spring, for about 5,000 MT in production. Most farmers that tried soy switched to other crops such as chickpeas, peas, and dry beans. Chickpea production increased from 6,000 MT in 2016 to 32,000 MT in 2017. Private estimates for chickpea production in 2018 crop are as high as 100,000 MT (source: Agroportal). Chickpea planted area increased from 4,700 HA in 2016 to 22,600 HA in 2017, and reportedly, will be above 60,000 HA in 2018. Some estimate are even as high as 100,000 HA.

### **MY2017/18**

Final official crop data was published in May 2018 and is shown in Table 2. Production is slightly above FAS Sofia's estimates.

**Rapeseed:** According to the MinAg, rapeseed export sales as of June 15, 2018, reached 91 percent of the crop (439,000 MT), most of which (395,000 MT) was shipped within the EU. Imports were at 33,000 MT from Ukraine, Moldova, and Romania (Table 3). Crush was lower compared to MY2016/17 as a result of declining margins. Ending stocks in June were a record low. Rapeseed meal and oil trade was comparable to last year's levels.

**Sunflower:** Domestic use of sunflower 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. As of the mid-June, MinAg reported 800,000 MT was crushed, and 400,000 MT was de-hulled for food processing. Exports reached 525,000 MT, of which 114,000 MT were sold to non-EU countries.

Production and export sales of sunflower meal and oil have increased above last year levels. Exports of sunflower meal during the first half of the marketing year were 53 percent higher over the corresponding period in MY2016/17. Sunflower oil exports were 41 percent higher.

Growth in domestic consumption and exports this season was supported by high levels of beginning stocks and a good crop. However, the situation may change and year-end stocks are expected to decline. Per MinAg data, available stocks as of May 31, 2018, were at 1.0 MMT.

**Soybeans:** Despite earlier expectations for a recovery in area planted, soybean acres were reduced by 15 percent (Table 2) while production was 10 percent higher due to better yields. Soybean meal imports increased driven by domestic demand. During the first half of the MY, imports were 12 percent higher to meet the demand of the poultry and pork industries. The pace of imports are likely to be sustained in the second half of the marketing year.

## **Agricultural Policy**

In 2018 Bulgaria was not granted a derogation for use of some neonicotinoids. Two plant-protection products for sunflower and corn were not approved by the Bulgarian Food Safety Agency.

Farmers were paid all due domestic subsidies on time, however, at lower rates per HA compared to last year. For example, €15 million were paid as protein crops subsidies to 17,000 farmers under Single Area Payment Scheme (SAPS) at a rate of 157 leva /€81/HA. The rate is 26 percent lower than that paid in 2017 (216 leva/€110/HA). Green direct payments were made at a rate of 124 leva/HA/€64/HA, slightly below the rate in 2017. Total 441 million leva/€226 million were paid to 57,000 farmers who apply green farming practices. The rate of standard SAPS was set at 196 leva/€100/HA. The rate of redistribution payment (for the first 30 HA) was set at 140 leva/€72/HA. This rate is also lower than €75/HA in 2017.

Grain and oilseeds farms continue to enlarge and consolidate. The number of applicants for direct subsidies (mainly grain farms) this year was lower by 1,300 while arable area subject of support increased by one percent. Total 68,500 farmers applied for 3.89 million HA arable land compared to

3.85 million HA in 2017.

**Appendix:**

**Table 1. FAS Sofia Oilseeds Production Estimates June 2018**

<b>FAS Sofia Oilseeds Production Estimates June 2018</b>		
<b>Crops</b>	<b>Harvested Area, HA</b>	<b>Production, MT</b>
Rapeseeds	185,000	520,000
Sunflower	790,000	1,900,000
Soybeans	3,000	5,000

Note: Area estimates are based on MinAg weekly bulletins and industry data

**Table 2. Final Official Oilseeds Production Data MY2017/18 and MY2016/17**

<b>Crops</b>	<b>Harvested Area (000 HA)</b>		<b>Production (000 MT)</b>	
	<b>MY2017/18</b>	<b>MY2016/17</b>	<b>MY2017/18</b>	<b>MY2016/17</b>
Rapeseeds	161	172	482*	509
Sunflower	897	818	2,082*	1,853
Soybeans	12	14	21	19

Note: Bulgarian Ministry of Agriculture reports slightly lower crops than Eurostat, rapeseed crop at 479,000 MT and sunflower crop at 2.055 MMT. Source: Eurostat

Source: Eurostat

**Table 3. MY2017/18 Trade in Major Oilseeds Crops and Products as of June 15, 2018**

<b>Products</b>	<b>Imports, MT</b>	<b>Exports, MT</b>
Rapeseeds	32,655 (including 23,736 MT from third countries)	438,461 (including 43,500 MT to third countries)
Rapeseed Meal (July'2017-March'2018)	1,893	31,026 (EU)
Rapeseed Oil (July'2017-March'2018)	1,295	20,613 (including 3,000 MT to Morocco)
Sunflower seeds	124,490 (including 78,700 MT from third countries)	525,398 (including 113,600 MT to third countries)
Sunflower Meal (October'2017-March'2018)	4,883 (mainly from Ukraine)	250,306 (including 69,700 MT to third countries – Turkey, Morocco, Serbia and Macedonia)
Sunflower Oil (October'2017-March'2018)	9,845 (including 8,755 MT from third countries)	205,565 (including 83,600 MT to third countries – South Africa, Morocco, Bosnia & Herzegovina)
Soybeans (October'2017-	195	2,755 (EU)

March'2018)		
Soybean Meal (October'2017- March'2018)	58,280	680
Soybean Oil (October'2017- March'2018)	5,609 (mainly from Serbia)	0
Note: EU Customs data shows slightly different imported and exported quantities for third countries, please, see details <a href="#">here</a> . This is partly due to different methodology (marketing years for soybean and sunflower crops July1 – June 30)		

*Source: World Trade Atlas, EU Customs data (TAXUD) and Bulgarian Ministry of Agriculture weekly bulletins.*