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Romania

Oilseeds and Products

Annual

2005

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Report Highlights:
After record yields for both sunflower seeds and soybeans during MY2004/05, favorable weather in the spring of 2005 has contributed to a positive outlook for the new marketing year for Romania's oilseed production. For the first time since 1990, during MY2004/05 Romania decreased its sunflower seed exports and more than tripled the amount of oil shipped to various destinations in Europe and the Middle East. This demonstrates that Romania is transforming from a supplier of raw material to the West into a strong producer of value added products.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Sofia [BU1]
[RO]

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I. TOTAL OILSEEDS

Production

Very favorable weather conditions throughout the entire crop season boosted Romania's total oilseed production in 2004/05 to over 1.7 MMT. Production increases were due primarily to high yields in both sunflowerseed and soybeans, even though the total area planted in sunflower shrank slightly compared to a year earlier. With some damages due to lack of moisture in the eastern parts of the country (Moldova), area harvested was estimated at 950,000 HA, while average yields stood close to 1.5 MT/HA, resulting in a total output of 1.4 MMT of sunflowerseed. As in RO4010, it should be noted again that this production figure is expressed in physical terms and requires adjustments related to loss from seed conditioning. As seed quality from the MY04/05 was slightly below local standards, losses represented over 10 percent of the total production.

Soybeans were harvested on about 120,000 HA, an area that decreased by 10 percent from the previous year, but unprecedented high yields of almost 2.5 MMT/HA increased total production by 58 percent, which lead to a record level of output at 300,000 MT.

Auspicious weather in the spring of 2005 has contributed to a positive outlook for the new marketing year for both crops. Soil moisture reserves in the spring of 2005 were constantly above the multi-annual average in most growing regions and temperatures during the optimum planting season (March and April) were adequate. Later in May, excessive rainfalls (flooding thousands of hectares of agricultural land countrywide) damaged extensive fields of wheat and barley. Reportedly, floods affected 172,414 hectares in 30 counties, out of which 49,817 hectares under different crops or meadows were totally destroyed. The most affected regions were the western plains (in Arad, Timis, Caras-Severin), with exceptionally fertile soils and good sun exposure (having a multi-annual cumulative average of 1300-1400^{0} C between May 1 – September 30). In Timis County floods caused damages on 92,675 hectares (of which 26,631 hectares planted to wheat and rye), in Arad on 14,400 hectares, in Caras - Severin on 9,503 hectares and in Braila on 7,710 hectare. Damaged fields are currently being replanted to early varieties of sunflowers, soybeans, corn and fodder crops.

Data released by the Romanian Ministry of Agriculture show that by May 10, 2005, sunflower was planted on 820,000 HA, while soybeans on just 77,000 HA. In the next two weeks it is anticipated that sowing will be completed and will likely reach 900,000 – 1 million HA for sunflowers and 120,000 HA for soybeans. Weather forecasts for the summer of 2005 anticipate a timely plant development, leading to yields similar to those registered in MY2004/05, leading to total production figures of 1.3 MMT of sunflower seed and 250,000 MT of soybeans.

Over 65 percent of the acreage under oilseed crops is typically in south-southeastern counties (the Danube Plain and Dobrogea).

Figure 1. Romania: The Political Map

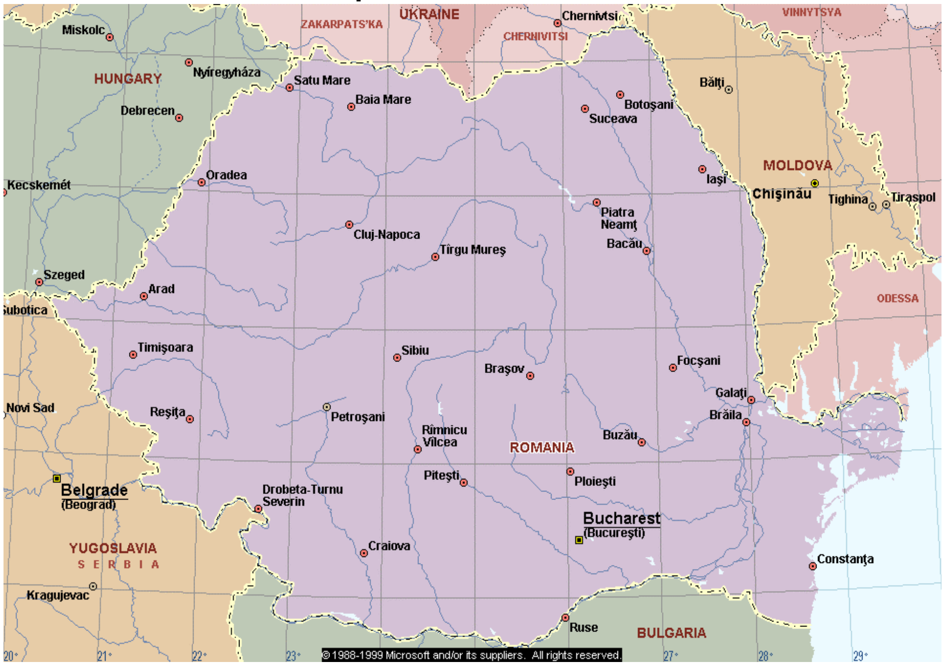

Table 1. Production, Supply and Demand

Romania							
Oilseed, Sunflowerseed							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Planted	1140	1140	1090	1050	0	900	(1000 HA)
Area Harvested	1100	1100	1050	950	0	850	(1000 HA)
Beginning Stocks	20	20	30	46	25	35	(1000 MT)
Production	1400	1400	1500	1425	0	1300	(1000 MT)
MY Imports	30	30	23	50	0	50	(1000 MT)
MY Imp. from U.S.	3	4	1	1	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1450	1450	1553	1521	25	1385	(1000 MT)
MY Exports	470	449	500	300	0	230	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	800	810	850	1020	0	955	(1000 MT)
Food Use Dom. Consump.	10	5	18	6	0	10	(1000 MT)
Feed,Seed,Waste Dm.Cn.	140	140	160	160	0	160	(1000 MT)
TOTAL Dom. Consumption	950	955	1028	1186	0	1125	(1000 MT)
Ending Stocks	30	46	25	35	0	30	(1000 MT)
TOTAL DISTRIBUTION	1450	1450	1553	1521	0	1385	(1000 MT)
Calendar Year Imports	23	23	0	28	0	0	(1000 MT)
Calendar Yr Imp. U.S.	3	3	0	0	0	0	(1000 MT)
Calendar Year Exports	366	366	0	310	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 2. Production, Supply and Demand

Romania							
Oilseed, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Planted	125	120	130	130	0	120	(1000 HA)
Area Harvested	125	110	125	122	0	110	(1000 HA)
Beginning Stocks	6	6	6	6	15	15	(1000 MT)
Production	210	190	250	300	0	250	(1000 MT)
MY Imports	48	48	50	20	0	30	(1000 MT)
MY Imp. from U.S.	4	25	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	264	244	306	326	15	295	(1000 MT)
MY Exports	29	30	10	40	0	20	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	195	185	247	237	0	235	(1000 MT)
Food Use Dom. Consump.	3	3	4	4	0	4	(1000 MT)
Feed,Seed,Waste Dm.Cn.	31	20	30	30	0	30	(1000 MT)
TOTAL Dom. Consumption	229	208	281	271	0	269	(1000 MT)
Ending Stocks	6	6	15	15	0	6	(1000 MT)
TOTAL DISTRIBUTION	264	244	306	326	0	295	(1000 MT)
Calendar Year Imports	54	54	0	45	0	0	(1000 MT)
Calendar Yr Imp. U.S.	24	24	0	0	0	0	(1000 MT)
Calendar Year Exports	25	25	0	13	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Consumption

A domestic crushing industry in full expansion and very competitive, with large investments by foreign players, absorbed in the MY 2004/05 over 950,000 MT of sunflower seeds and approximately 235,000 MT of soybeans. Rural rudimentary crushers typically process about 70,000 MT of sunflowerseed for farmers' self-consumption, with 25 percent extraction rate for oil, while extraction rates in industrial systems average 42 percent.

Sunflower seed for sowing in the current planting season is estimated at roughly 5,000 MT, which is partly covered from imports. As in the previous planting season, some 15-20 percent of the almost 1 million HA planted to sunflower were sown with seeds saved from farmers' own production, with low biological potential.

Local crushers started expanding soybean processing, relying almost entirely on domestic production. The increasing domestic capacity will likely absorb over 230,000 MT until the new harvest, increasing by roughly 25 percent over MY2003/04. This upward trend has been driven by the ascending demand for vegetable protein in the livestock sector, but also by consumers' increased acceptance for soybean oil, which is better priced than sunflower oil.

The estimated quantity of soybean needed for sowing this current planting season remains close to last year's 11,000 MT, which will allow for establishing 125,000 HA of this crop (of which about 50,000 HA with herbicide resistant varieties).

Trade

Despite Romania's large production of sunflowereseed in MY2004/05, the exportable surplus diminished in accordance with local crushers' increased needs of raw material. Consequently, exports are expected to reach 300,000 MT by the end of September 2005 (of which 175,000 MT shipped by the end of March), 50 percent down from the total amount exported by Romania in the previous marketing year. Processors needed to pay more to offset good international prices and thus secure their raw material inventories throughout the end of the season. The main destinations for Romania's 448,000 MT of sunflower seed exported in MY2003/04 were countries in the EU (Portugal, Italy, France, the Netherlands) and in the Middle East and the Mediterranean region (see Table 3), with a similar pattern expected for the current marketing year.

Table 3. Export Trade Matrix

Country	Romania		
Commodity	Oilseed, Sunflowerseed		
Time Period	MY	Units:	MT
Exports for:	2003/04		
U.S.	18		
Others			
Portugal	80178		
Italy	66302		
France	63749		
The Netherlands	47810		
Turkey	38171		
Morocco	34267		
Spain	23215		
Germany	9270		
Greece	7012		
Belgium	6286		
Total for Others	376260		
Others not Listed	72283		
Grand Total	448561		

The limited imports of sunflower seeds are originated from the neighboring Moldova (30,000 MT in the MY2003/04 and the same amount for the period October 2004-March 2005).

Table 4. Import Trade Matrix

Country	Romania		
Commodity	Oilseed, Sunflower seed		
Time Period	MY	Units:	MT

Imports for:	2003/04
U.S.	4398
Others	
Moldova	23945
Canada	500
Hungary	374
Bulgaria	363
Total for Others	25182
Others not Listed	645
Grand Total	30225

Throughout MY2003/04, almost 30,000 MT of soybeans were exported by Romania to Turkey, Greece, Italy, Spain (Table 6), while imports totaled 48,000 MT, the main supplier being Brazil (Table 5). For MY2004/05, FAS Bucharest expects imports of about 10,000 MT, while exports will likely continue to grow (10,500 MT being shipped to Turkey and Italy through the end of March 2005), as domestic prices make soybeans competitive in the European markets, due to lower transportation costs compared to those of the American suppliers.

Table 5. Import Trade Matrix

Country	Romania		
Commodity	Oilseed, Soybean		
Time Period	MY	Units:	MT
Imports for:	2003/04		
U.S.	148		
Others			
Brazil	41050		
Rep. of Moldova	3585		
Turkey	1269		
Ukraine	1163		
Hungary	201		
Canada	146		
Total for Others	312		
Others not Listed	47414		
Grand Total	47874		

Table 6. Export Trade Matrix

Country	Romania		
Commodity	Oilseed, Soybean		
Time Period	MY	Units:	MT
Exports for:	2003/04		
U.S.	0		
Others			
Turkey	18866		
Greece	4495		
Italy	3554		

Spain	2238
Hungary	322
Total for Others	29475
Others not Listed	123
Grand Total	29598

Romania's trade policy for sunflowerseeds continues to be quite protectionist (with import duties set up at 20 percent *ad valorem*) in the two years preceding country's EU accession, after which it will adopt the common external tariff (CXT). There is no special preference granted to regional partners (EU) for this product (Table 7).

Table 7. Current Duties for the Oilseed Complex (% ad valorem) in 2005

HS Code	Product	MFN applied in 2003	Applied to imports from EU
1206	Sunflower seed, whether or not broken		
1206.0010	For sowing	20	20
	Other than for sowing		
1206.0091	Dehulled, with white or grey strips	20	20
1206.0099	Other	20	20
1201	Soybeans, whether or not broken		
1201.0010	For sowing	0	0
1201.0090	Other than for sowing	0	0
	Sunflower seed oil		
1512.1191	Crude oil	40	40
1512.1990	Other	35	35
	Soybean oil, whether or not refined		
1507.10	Crude oil	25	25
1507.90	Other	25	25
2306.3000	Sunflower seed meal	10*	10
2304.0000	Soybean meal	5	0

* Imports from Bulgaria are tax-exempted.

II. TOTAL OILS

Production

Edible oil production in Romania positions the country in third place in Europe. The market developed rapidly in the past couple of years, while concentration increased dramatically, driven by the entrance of large international players (especially from US), that currently hold 2/3 of country's oil production. The value of the domestic market is estimated at over $300 million (this does not include the value of the 20,000 MT of oil obtained in rural crushers for household self-consumption).

For the first time since 1990, during the MY2004/05 Romania diminished its sunflower seed exports and more than tripled the amount of oil shipped to various destinations in Europe and the Middle East. This proves that Romania is transforming from a supplier of raw material to the West into a strong producer of value added products.

Table 8. Production, Supply and Demand

Romania							
Oil, Sunflowerseed							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	800	810	850	1020	0	955	(1000 MT)
Extr. Rate, 999.9999	0.4	0.395	0.4	0.42	0	0.40	(PERCENT)
Beginning Stocks	22	22	21	21	21	16	(1000 MT)
Production	320	320	340	430	0	385	(1000 MT)
MY Imports	5	5	10	80	0	60	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	347	347	371	531	21	461	(1000 MT)
MY Exports	87	89	100	305	0	200	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	5	5	5	6	0	6	(1000 MT)
Food Use Dom. Consump.	232	230	243	225	0	235	(1000 MT)
Feed Waste Dom. Consum	2	2	2	2	0	3	(1000 MT)
TOTAL Dom. Consumption	239	237	250	210	0	244	(1000 MT)
Ending Stocks	21	21	21	16	0	17	(1000 MT)
TOTAL DISTRIBUTION	347	347	371	531	0	461	(1000 MT)
Calendar Year Imports	18	18	0	5	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	38	38	0	90	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 9. Production, Supply and Demand

Romania							
Oil, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	195	185	247	237	0	235	(1000 MT)

Extr. Rate, 999.9999	0.174	0.178	0.174	0.177	0.000	0.174	(PERCENT)
Beginning Stocks	1	1	1	1	0	1	(1000 MT)
Production	34	33	43	42	0	41	(1000 MT)
MY Imports	2	0	2	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	37	34	46	43	0	42	(1000 MT)
MY Exports	25	25	23	26	0	23	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	1	1	1	2	0	2	(1000 MT)
Food Use Dom. Consump.	7	5	14	9	0	11	(1000 MT)
Feed Waste Dom. Consum	3	2	8	5	0	4	(1000 MT)
TOTAL Dom. Consumption	11	8	23	16	0	17	(1000 MT)
Ending Stocks	1	1	0	1	0	2	(1000 MT)
TOTAL DISTRIBUTION	37	34	46	43	0	42	(1000 MT)
Calendar Year Imports	0	17	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	3	0	22	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Domestic demand, which remains steady, was almost entirely satisfied from indigenous production. An interesting recent trend is consumers' increased acceptance of soybean oil for human consumption, visible especially in the poorer regions, sensitive to price variations. The industry continues to consolidate and significant investments are being made in upgrading crushing equipment, bottling and labeling, quality control, in line with EU standards. Two large US-based companies (Bunge and Cargill) currently hold 50 percent of the market and continue to expand, as Romania is in the center of a raw material pool (together with Ukraine and Russia) and in the proximity of the large European outlet for edible oil. There are also a number of local investments made in the crushing industry, ranking high in terms of local market share (Argus Constanta 20%, Agricover Buzau: 9.5%), while some other 10 smaller companies, with a regional presence, try to survive in an increasingly competitive environment. The soybean processing industry is dominated by a Swiss investor.

The domestic crushing capacity totals about 400,000 MT, but the still depressed per capita consumption of oil (roughly 10-11 KG/year, which represents just about half of the EU average) limits production.

Consumption

Albeit slowly diversifying their choice, Romanian consumers show a strong preference for sunflower seed oil.

There are several brand names with national penetration, positioned in accordance with consumer incomes. Both the local producers and the importers try product diversification and expansion in niche markets (e.g., low cholesterol oil, extra virgin olive oil, corn seed oil, rapeseed oil).

Soybean oil is primarily used for margarine and animal feed. The margarine market is slightly shrinking, a natural trend as consumption expenditures go up. The top three producers (Unilever, Orkla and Royal Brinkers) cover 90 percent of domestic sales. The total market value for margarine is estimated at about $60 million, almost entirely covered from domestic production.

Fierce competition resulted in fairly stable prices for edible oil.

Trade

Romania is by tradition a net exporter of sunflower seed oil. In the first half of the current marketing year, imports totaled 40,000 MT and may double in the second half (especially refined oil originating from the Republic of Moldova, under a bilateral free trade agreement), which would represent a significant growth from the 5,000 MT imported in the MY2003/04. Sunflowerseed oil exports, on the other hand, reached 280,000 MT between October 2004-March 2005 and are forecast to soar to over 300,000 MT by the end of the new crop, shipped to the same destinations (EU, Middle East and the Mediterranean region) as in the previous marketing year (Table 10). Nonetheless, most firms have encountered difficulties in the last two months, their exports being penalized by the depreciation of the local currency against both the EURO and the US dollar. Additional problems were posed by the high price for raw materials and escalating hedging costs triggered by increases in utility tariffs.

Table 10. Export Trade Matrix

Country	Romania		
Commodity	Oil, Sunflower seed		
Time Period	MY	Units:	MT
Exports for:	2003/04		
U.S.			
Others			
Poland	33194		
Turkey	18419		
Greece	7207		
Russian Fed.	5893		
Egypt	4000		
Arab Emirates	3053		
Algeria	3000		
Lebanon	3000		
Slovenia	2494		
Georgia	2104		
Total for Others	82364		
Others not Listed	6937		
Grand Total	89301		

Romania exported 24,000 of soybean oil in MY2003/04, as the domestic crushing capacity is on an upward trend. The major destinations for these exports were Poland, Turkey, Georgia, Bulgaria and the Netherlands (Table 11). A similar pattern is foreseen for the current marketing year.

Table 11. Export Trade Matrix

Country	Romania
Commodity	Oil, Soybean
Time Period	MY	Units:	MT
Exports for:	2003/04
U.S.	0
Others	
Poland	8229
Turkey	5176
Georgia	4000
Bulgaria	3545
The Netherlands	1827
Egypt	1000
Slovakia	707
Rep. of Moldova	11
Total for Others	24495
Others not Listed	
Grand Total	24495

III. TOTAL MEALS

Production

Sunflower meal production is estimated to reach 410,000 MT in MY2004/05, a 28 percent growth, corresponding to the increased amount of seeds domestically processed compared to the previous year. The enlarged supplies are, nonetheless, likely to remain a good seller, both locally and for export purposes. Domestic livestock industry will likely absorb 150,000 MT of sunflower meal (from roughly 130,000 MT in the previous marketing year), with the swine sector recovering after 2004 and positive developments in the cattle and poultry sectors.

Soybean meal production will likely register a peak at some 190,000 MT by the end of the current marketing year, in tandem with the substantial amount of soybeans processed domestically. Although Romania is still deficient for vegetable protein, soybean processing is dominated in Romania by a single player, which was able to sell throughout this harvest year at prices typically $10-15 below the prices prevailing in the international market and thus discouraged traders from importing.

Investments continue in soybean processing, made by both oilseeds crushers and firms in livestock breeding.

Table 12. Production, Supply and Demand

Romania							
Meal, Sunflower seed							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	800	810	850	1020	0	955	(1000 MT)
Extr. Rate, 999.9999	0.4	0.40	0.4	0.40	0	0.40	(PERCENT)
Beginning Stocks	3	3	4	4	4	11	(1000 MT)
Production	320	325	340	410	0	385	(1000 MT)
MY Imports	1	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	324	328	344	414	4	396	(1000 MT)
MY Exports	171	191	185	250	0	220	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	2	2	2	3	0	3	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom.Consum	147	131	153	150	0	160	(1000 MT)
TOTAL Dom. Consumption	149	133	155	153	0	163	(1000 MT)
Ending Stocks	4	4	4	11	0	13	(1000 MT)
TOTAL DISTRIBUTION	324	328	344	414	0	396	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	150	150	0	201	0	0	(1000 MT)
Calendar Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 13. Production, Supply and Demand

Romania							
Meal, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	195	185	247	237	0	235	(1000 MT)
Extr. Rate, 999.9999	0.794872	0.78	0.793522267	0.80	0	0.796	(PERCENT)
Beginning Stocks	7	9	5	4	5	4	(1000 MT)
Production	155	145	196	190	0	187	(1000 MT)
MY Imports	95	95	130	55	0	80	(1000 MT)
MY Imp. from U.S.	10	10	10	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	257	249	331	249	5	271	(1000 MT)
MY Exports	15	15	20	20	0	25	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)

Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	237	230	306	225	0	240	(1000 MT)
TOTAL Dom. Consumption	237	230	306	225	0	240	(1000 MT)
Ending Stocks	5	4	5	4	0	6	(1000 MT)
TOTAL DISTRIBUTION	257	249	331	249	0	271	(1000 MT)
Calendar Year Imports	99	99	0	118	0	0	(1000 MT)
Calendar Yr Imp. U.S.	1	1	0	0	0	0	(1000 MT)
Calendar Year Exports	10	10	0	7	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Trade

Oilseed complex export turnover is pretty stable, due to previously concluded contracts. This concerns not only sunflower oil sales, but also sunflower meal, where, according to local traders, most of the previously signed contracts have already been fulfilled.

Up to the end of the current marketing year, Romania's exports of sunflower seed meal will likely reach 140,000 MT, close to last year's level. The main destinations remain the traditional partners: Hungary, Italy, Turkey Spain, Israel (Table 14). Export prices (FOB Constantza) for meal with 32-36 percent protein content vary between $92-100/MT.

Table 14. Export Trade Matrix

Country	Romania		
Commodity	Meal, Sunflowerseed		
Time Period	MY	Units:	MT
Exports for:	2003/04		
U.S.	0		
Others			
Hungary	58333		
Italy	52147		
Turkey	19409		
Israel	19070		
Spain	13177		
Egypt	7139		
UK	5326		
Serbia & Montenegro	3953		
Slovenia	3834		
Albania	3329		
Total for Others	185717		
Others not Listed	5480		
Grand Total	191197		

AgBucharest estimates that imports of soybean meal will end up at about 55,000 MT by the end of MY2004/05 (of which 38,000 MT were imported by the end of March). Major sources for the 95,000 MT imported by Romania during the MY2003/04 were Brazil (supplying over 95 percent) and Greece (Table 15).

Table 15. Import Trade Matrix

Country	Romania		
Commodity	Meal, Soybean		
Time Period	MY	Units:	MT
Imports for:	2003/04		
U.S.			
Others			
Brazil	91484		
Greece	1598		
Hungary	723		
Argentina	300		
Denmark	232		
Serbia & Montenegro	209		
Total for Others	94546		
Others not Listed	619		
Grand Total	95165		

IV. PRICES

Since the beginning of the marketing year 2004/05, sunflower seed has already enjoyed high bids compared to the corresponding period of the previous year (in the month of October, for instance, $237/MT as against $175/MT). This trend continued in the coming months, attributed to increased demand for raw material by local crushers. In-silo average domestic prices (see Prices table) peaked at almost $290/MT in December 2004 and lessened slightly in 2005.

Traders report limited export opportunities at the current $250/MT FOB prices in Constantza.

Bids for domestic soybean meal varied between $255/MT in October 2004 – February 2005, after which they jumped to $295 in mid-March and slightly depreciated again to $285 in May. Import prices constantly exceeded $300/MT and, although domestic soybean meal has a lower protein content, animal growers prefer to pay less. Domestic supplies of soybean meal are assessed to be able to satisfy the market demand until the new crop.

Prices Table

Country	Romania		
Commodity	Oilseed, Sunflowerseed		
Prices in	US$	per uom	MT

Year	2004	2005	% Change
Jan	230	275	19%
Feb	240	283	18%
Mar	260	265	2%
Apr	265	267	1%
May	296		
Jun	298		
Jul	240		
Aug	193		
Sep	199		
Oct	237		
Nov	261		
Dec	287		

Exchange Rate	Monthly average	Local Currency/US $

In-silo prices, VAT not included.

V. POLICY

Under the agricultural negotiations closed with EU in mid-2004, 892,000 HA planted in sunflowers will be eligible for direct payments after Romania's accession, corresponding to a reference production of 1.1 MMT. For soybeans, the reference planted area and production eligible for direct payments were set up at 70,650 HA and 141,300 MT respectively.

Although the Ministry of Agriculture gave up subsidies for certified seeds for the two crops in the spring of 2004, a new direct input subsidy scheme (in the form of vouchers distributed per hectare of cultivated land) is being used in the spring of 2005.

Benefiting from its developing country status (the *de minimis* clause), Romania can provide trade-distorting support up to 10 percent of the value of output for each product. Nonetheless, for the budget year 2005, sunflowerseed is not eligible for market price support. Soybeans from the production of the MY2005/06 can benefit from procurement payments until the end of the CY2005.

Currently, the GOR is considering the imminent enactment of a set of measures meant to address the main issue of Romanian agriculture, that is, the extreme land fragmentation. In 2005, the total state budget at the disposal of the Ministry of Agriculture, Forests and Rural Development currently stands at lei 23.399 billion ($866 million)[1], of which roughly 12,000 billion are in measures exempted from the reduction commitment (Table 16).

[1] At an exchange rate of 27,000 RO lei for 1 US$.

Table 16. "Green Box"-type measures of support, budgetary allocations in 2005

Measure type	Description of measure	Monetary value (billion lei)
Direct payments to producers	Budgetary allocations in order to stimulate increase in livestock numbers.	431.0
Subsidies for agricultural inputs	Price reductions granted to producers in order to stimulate the use of certified seeds.	610.20
Structural and infra-structural services	Expenditures for land reclamation; maintenance of irrigation and drainage system; expenditures to provide electric power	1,730.00
Research and development of infrastructure services	Acid and alkaline soils amendment	50.30
Crop pest and disease prevention and control	Pest and disease prevention and control in the crop sector.	635.00
Animal disease control	Payments for slaughtering ill animals	70.00
Research and development	Budgetary expenditures for selection and reproduction in animal sector.	117.00
Agricultural insurance matching funds	Budgetary allocations in order to stimulate the use of crop insurance schemes	50.00
Payments in case of natural disasters	Budgetary payments in case of natural disasters	5.00
Support to small farmers	Payments decoupled from production granted as input vouchers	7,472.00
Market development support	Wheat storage	200.00
Support for investments in agricultural equipment		700.00
Total		12,070.50