

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Bulgaria

Post: Sofia

Grains and Oilseeds Market Update

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Grain and Feed

Oilseeds and Products

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Report Highlights:

Bulgaria 2013 total crops harvest exceeded 10 MMT with the latest individual crop estimates exceeding previous expectations. Strong export demand early in marketing year 2013/14 sustained into the fall. As of December 2013, year-over-year export data show wheat up 57 percent; corn 13 times higher, and barley up 16 percent. Oilseed exports are also strong with sunflower seeds up 84 percent higher; and rapeseeds 62 percent higher.

Fall planting finished on schedule with planted areas higher level than in 2012. Although temperatures to date have been mild and favorable for the crop development, current late/winter drought and the lack of snow cover pose a potential risk to winter crops.

General Information:

MY 2013/14 Harvest and Production Estimates

Bulgaria enjoyed an excellent bumper crop with total production of grains and oilseeds exceeding 10 Million Metric Tons (MMT). Current estimates are based on late post-harvest data for all crops with some corn harvesting still underway in select areas. The Ministry of Agriculture (MinAg) has not yet released official final crop output estimates.

Based on farm and trade source reports, FAS Sofia has revised its estimates for crops harvested in 2013 as follows:

- *Wheat* production is revised upwards to 4.9 MMT from the previous estimate of 4.85 MMT. The MinAg official estimate remains unchanged at 4.827 MMT while industry estimates range as high as 4.96 MMT.

MY 2014/15 area planted under wheat is estimated at 1.1 Million Hectares (MHA).

- *Barley* production, similar to wheat, is revised slightly upward to 700 Thousand MT (TMT) from the previous estimate of 696 TMT. The MinAg official estimate remains unchanged at 696 TMT while industry estimates range as high as 730 TMT.

MY 2014/15 area planted under barley is estimated at 173 – 180 THA.

- *Corn* harvest, almost completed, produced 2.591 MMT per MinAg. Producers report that the harvest, still under way in some regions, it is expected to show final production data higher at around 2.7 MMT. FAS Sofia forecast remain unchanged at 2.6 MMT while crop area remains yet to be harvested.
- *Rapeseeds* production: The MinAg official estimate remains at 356 TMT while industry estimates range 335 TMT to 430 TMT. FAS Sofia estimate remains unchanged.

MY 2014/15 area planted under rapeseed is estimated at 176 - 186 THA.

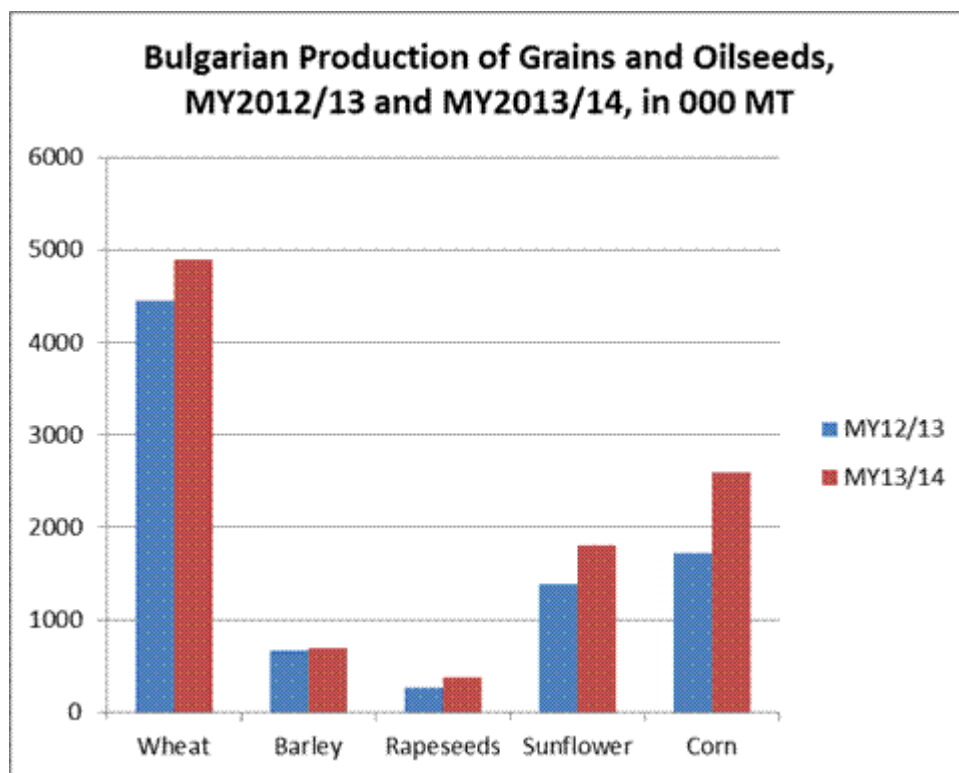
- *Sunflower* production is revised upward to 1.8 MMT. The MinAg official estimate is 1.788 MMT while industry estimates range as high as 1.9 MMT.

Table 1. Major 2013 Grains and Oilseeds Crop Estimates as of December 2013

Crop Years MY 2013/14 vs. MY 2012/13	Planted Areas (,000 HA)		Production (,000 MT)	
	MY 2013/14 (est.)	MY 2012/13 (final)	MY 2013/14 (est.)	MY 2012/13 (final)
Soft Wheat	1,190	1,185	4,900 (Updated)	4,455
Barley	198	191	700 (Updated)	662
Rapeseeds	150	134	356	271
Sunflower	785	780	1,800 (Updated)	1,388
Corn	450	467	2,600	1,718
Total	2,773	2,757	10,356	8,494

Note: Based on MinAg/Grain and Feed Agency (GFA) and industry estimates.

Source: MinAg, industry



Trade

Commodity exports continued at record pace despite some port logistical issues. Most expendable supplies are on target to be exported before or early in calendar year 2014.

MY 2013/14

Wheat – According to the MinAg/Grain and Feed Agency (GFA), exports between July 1 and early December totaled 2.720 MMT of which 1.980 MT went to EU and 740 TMT went to non-EU destinations. This represents a 57 percent increase over the same period 2012 (1.73 MMT). Trade export projections are for 2.8 MMT+ by the end of December with an MY2013/14 annual total as high as 3.1 MMT.

Barley – According to the GFA, exports between July 1 and December 1 totaled 341 TMT. Out of this quantity, 64 TMT went to EU and 277 TMT went to non-EU destinations. This represents a 16 percent increase over the same period 2012 (294 TMT). Trade export estimates are slightly higher at 353 TMT. The GFA estimates that any additional exports would result in subsequent future imports to meet demand in the country.

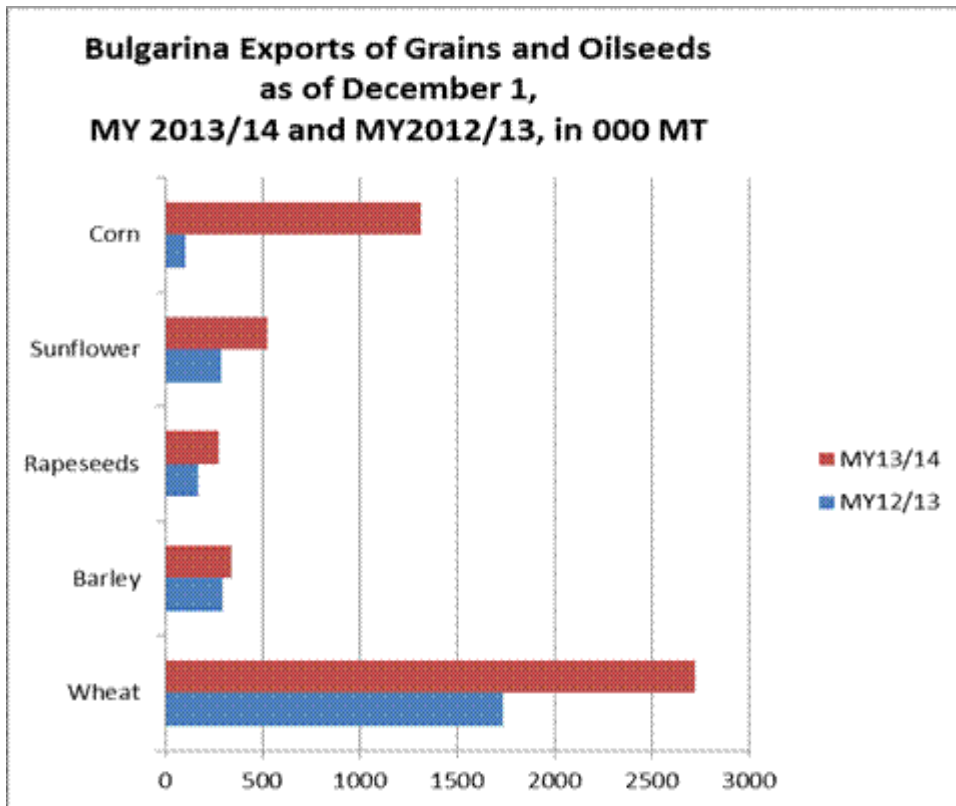
Corn - According to the GFA, exports between September 1 and December 1 totaled 1,311 TMT of which 906 TMT went to EU and 405 TMT went to non-EU destinations. Exports to date are 13 times higher than in same period 2012 (102 TMT) when the crop was severely affected by drought. Industry sources estimate exports during this period at 1.46 MMT to reach 1.5 MMT by the end of calendar year 2013. The current annual export projection is for 1.6+ MMT ranging up to 1.9 MMT. The GFA estimates the country could export a total of 1.9 MMT without risking any local shortages.

In MY2012/13 exports through August 2013 totaled 727 TMT. It is believed that this will be very close to the country's final official export total for that marketing year.

Sunflower - According to the GFA, exports between September 1 and December 1 totaled 525 TMT of which 456 TMT went to EU and 69 TMT went to non-EU destinations. This represents an 84 percent increase over the same period 2012 (285 TMT). Exports have accelerated since October and are projected to reach 600 TMT by the end of 2013. For MY2013/14 the export potential is estimated at over 1.0 MMT depending on local crush demand. According to industry sources, exports of sunflower oil from the new crop currently total 61 TMT.

In MY2012/13 sunflower seeds exports exceeded 830 TMT while sunflower oil (through August 2013) showed a record high of 111 TMT.

Rapeseeds - According to the GFA, exports between July 1 and December 1 totaled 273 TMT of which 256 TMT went to EU and 17 TMT went to non-EU destinations. This represents a 62 percent increase over same period 2012 (169 TMT) when the crop was seriously affected by drought.



MY 2013/14 Stocks, Consumption, and Export Potential

Wheat

The GFA estimates beginning stocks at 220 TMT. Consumption for the period July 1 – December 1, 2013, was recorded at 972 TMT, including 494 TMT for food/flour purposes, 218 TMT for feed, and 260 TMT for planting seeds. As of early October available stocks totaled 1.364 MMT. The GFA estimates consumption through the end of this marketing year to be stable at 780 TMT, leaving year-end stocks at 200 TMT. This represents an average monthly consumption of 146,000 MT/month.

Based on GFA estimates, the country has the potential to export up to 380 TMT more wheat which, if pursued, would set a new export record of 3.1 MMT. Most trade sources expect wheat exports to exceed 3.0 MMT due to expected lower feed use at the expense of corn.

Barley

The GFA estimates beginning stocks at 10 TMT and total consumption during the period July 1 – December 1, 2013 at 175 TMT, including 145 TMT for feed and for the brewing industry, and 30 TMT for planting seeds. On December 1 available stocks were reported at 190 TMT.

The GFA estimates consumption through the end of the marketing year at 189 TMT for an average 30 TMT/month. This would leave only 2 TMT remaining in ending stocks. Based on GFA estimates, the country has already reached its export maximum where any further growth may lead

to a deficit on the market, mainly of feed barley.

Corn

The GFA estimates beginning stocks at 227 TMT and consumption through December 1 at 238 TMT for feed and for the starch industry. On December 1 available stocks were reported at 1.271 MMT. The GFA estimates consumption through the end of the marketing year at 646 TMT or about 74 TMT on average per month for the year.

Based on the GFA consumption forecast, the total export potential is estimated at 1.936 MMT which would be a record if achieved.

Sunflower

The GFA estimates beginning stocks at 23 TMT and consumption through December 1 at 140 TMT for feed and food. On December 1 available stocks were reported at 1.149 MMT. The GFA estimates consumption through the end of the marketing year at 380 TMT or about 43 TMT on average per month for the year.

Based on the GFA consumption forecast, the total export potential is estimated at 1.1 MMT which would be a record if achieved.

Rapeseeds

The GFA estimates beginning stocks at 60 TMT and consumption for July 1- December 1 period at 60 TMT. As of early December available stocks were 84 TMT. According to trade, the export potential may reach 300 TMT. This includes an additional 25 TMT for exports which is highly dependent on unstable local crush demand.

Trade Policy

Trade Regime

The Parliament adopted final legislation on revert VAT mechanism for the grain trade and the Ministry of Finance has published the new regulations on its website. The new legislation will enter into force on January 1, 2014. A new Department within the Ministry of Finance will monitor the application of the reverted VAT regime as well as trade in other “risk” commodities, mainly agricultural products. Traders expect that the new trade regime will “clean” the market of the grey players, and will make competition fairer leading to increased trade volumes.

Trade News

Bulgaria is expected to sign a phyto-sanitary agreement with China on December 16. This can open the door for corn exports to this market.