Required Report - public distribution

Date: 6/23/2000

GAIN Report #IT0019

Italy

Oilseeds and Products

Annual

2000

Approved by:
Elizabeth Berry
U.S. Embassy
Prepared by:
Sandro Perini

Report Highlights: In 1999, total oilseed production declined 17 percent to 1.36 MMT mainly due to reduced acreage, but is expected to remain relatively unchanged this year. The absence of Blair House over-production penalties for the first time since 1995 will more than offset soybean aid reductions from Agenda 2000. However, in the long term oilseed cultivation should become less remunerative than grains. Italian soybean imports, mainly from Brazil, are expected to recover in MY 1999/2000. Total soybean meal imports will decline due to lower demand from the poultry sector. Olive oil production in 1999/2000 is unofficially estimated to have risen by 23 percent to 641,000 tons from last year's "off" year

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rome [IT2], IT0019

SECTION I. SITUATION AND OUTLOOK

Total oilseed production in 1999 was about 1.36 MMT, or 17 percent less than in 1998, due mainly to a 28 percent cut in planted area. The reduction was only partially offset by a return to average yields following poor production in 1998. This year, production is expected to remain virtually unchanged, with marginal variations for various types of oilseed.

Overall planted area for the 2000 crop is estimated to decline slightly, based on a combined result of a 5 percent increase for soybeans, a minor reduction for sunflower, and a substantial decline for rape. For the first time since 1995, area planted under the general regime did not exceed the ceiling fixed for Italy under the Blair House Agreement and so no penalties will be imposed for 2000. As a result, the aid received by the farmers for soybeans will be higher for this year despite the reduction in aid mandated by Agenda 2000. Set aside land planted to oilseeds for non-food use is anticipated to decrease substantially (from 21,000 to 14,000 hectares), due to the low interest from the growers.

The Italian oilseed industry remains very concerned that oilseed production will become uncompetitive with the implementation of Agenda 2000, under which the aids per hectare for oilseeds will be gradually reduced to the levels in force for winter grains. The Italian authorities are studying possible solutions, including a change of the current regional plan (which modulates the aids per hectare) by possibly lowering the aid for corn to a level closer to the one in force for other grains. Such an action could make oilseed production relatively more profitable and possibly forestall excessive increases in corn acreage as farmers switch from soybean production.

Domestic oilseed crushing in 1999/2000 is expected to decrease marginally from the 2.4 MMT level reported in the most recent years. Plants are currently working at about 60 percent of a 4 MMT crushing capacity.

Italian soybean imports, after the 10 percent drop reported in 1998/99 are expected to recover substantially in MY 1999/2000, in line with the domestic crop fluctuations. The expected growth, however, will mainly favor shipments from Brazil, which take place chiefly during the summer, when domestic supplies are exhausted. Imports from the U.S. (which totaled 284,000 tons in 1998/99) are expected to rise only marginally in 1999/2000.

Oilmeal consumption is expected to decrease significantly in MY 1999/2000, as a result of an avian flu endemic which struck northern Italy last January and severely affected feed demand in the poultry sector. Use of NGFIs in Italy remains marginal and imports again dropped in 1999. Total soybean meal imports, on the contrary, grew by 16 percent in 1998/99, but are expected to drop this year due to the problems in the poultry industry. Imports from the U.S. are anticipated to remain marginal, due to the strong competition from Argentina.

Olive oil production in 1999/2000 is still unofficially estimated at 614,000 tons, or 23 percent more than in 1998/99, which was an “off” year in the tree production cycle. Both domestic olive oil and seed oil consumption is anticipated to remain virtually unchanged both in 1999/2000 and 2000/01. Domestic olive oil prices rose 11 percent in 1998/99, but then declined during the first half of 1999/2000, due to large domestic supplies.

According to industry sources, Italian biodiesel fuel production is anticipated ro rise to about 70,000 tons in 1999/2000, or 40 percent mores than in the previous year, but still sharply lower than the tax relief maximum quota of 125,000 tons. High petroleum prices and a new emphasis by the Italian authorities on environmental problems which includes a recently passed national biofuel program, should revitalize this sector in the medium term.

SECTION II. PSD TABLES

Oilseed, Soybean

PSD Table						
Country	Italy					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	382	382	239	239	0	250
Area Harvested	382	382	239	239	0	250
Beginning Stocks	240	240	220	240	145	170
Production	1192	1192	815	814	0	850
MY Imports	714	693	945	900	0	900
MY Imp. from U.S.	210	284	325	300	0	300
MY Imp. from the EC	1	4	0	0	0	0
TOTAL SUPPLY	2146	2125	1980	1954	145	1920
MY Exports	6	4	10	0	0	0
MY Exp. to the EC	3	3	10	0	0	0
Crush Dom. Consumption	1668	1631	1665	1609	0	1600
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	252	250	160	175	0	150
TOTAL Dom. Consumption	1920	1881	1825	1784	0	1750
Ending Stocks	220	240	145	170	0	170
TOTAL DISTRIBUTION	2146	2125	1980	1954	0	1920
Calendar Year Imports	700	782	950	900	0	900
Calendar Yr Imp. U.S.	210	234	325	300	0	300
Calendar Year Exports	2	2	10	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oilseed, Sunflowerseed

PSD Table						
Country	Italy					
Commodity	Oilseed, Sunflowerseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	311	311	256	257	0	250
Area Harvested	311	311	256	257	0	250
Beginning Stocks	60	60	50	50	50	62
Production	408	408	515	515	0	500
MY Imports	271	261	170	170	0	200
MY Imp. from U.S.	15	15	10	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	739	729	735	735	50	762
MY Exports	6	8	8	2	0	10
MY Exp. to the EC	5	6	6	2	0	5
Crush Dom. Consumption	676	664	670	664	0	683
Food Use Dom. Consump.	7	7	7	7	0	7
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	683	671	677	671	0	690
Ending Stocks	50	50	50	62	0	62
TOTAL DISTRIBUTION	739	729	735	735	0	762
Calendar Year Imports	260	236	220	170	0	200
Calendar Yr Imp. U.S.	0	15	0	0	0	0
Calendar Year Exports	8	2	8	2	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oilseed, Rapeseed

PSD Table						
Country	Italy					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	100	100	73	72	0	50
Area Harvested	100	100	73	72	0	50
Beginning Stocks	0	0	0	0	0	0
Production	41	41	30	30	0	20
MY Imports	26	26	20	30	0	40
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	10	6	8	10	0	10
TOTAL SUPPLY	67	67	50	60	0	60
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	67	67	50	60	0	60
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	67	67	50	60	0	60
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	67	67	50	60	0	60
Calendar Year Imports	26	32	20	30	0	40
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oilseed, Peanut

PSD Table						
Country	Italy					
Commodity	Oilseed, Peanut				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	26	44	26	40	0	40
My Imp. from U.S.	10	6	10	6	0	6
MY Imp. from the EC	6	3	6	3	0	3
TOTAL SUPPLY	26	44	26	40	0	40
MY Exports	7	0	7	0	0	0
MY Exp. to the EC	2	0	2	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	19	44	19	40	0	40
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	19	44	19	40	0	40
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	26	44	26	40	0	40
Calendar Year Imports	28	39	26	40	0	40
Calendar Yr Imp. U.S.	8	5	8	6	0	6
Calendar Year Exports	7	0	7	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Meal, Soybean

PSD Table						
Country	Italy					
Commodity	Meal, Soybean				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1668	1631	1665	1609	0	1600
Extr. Rate, 999.9999	0.805156	0.806254	0.804805	0.804848	ERR	0.80625
Beginning Stocks	275	350	337	300	329	320
Production	1343	1315	1340	1295	0	1290
MY Imports	2228	2139	2142	2000	0	2200
MY Imp. from U.S.	200	71	200	60	0	70
MY Imp. from the EC	45	5	45	5	0	5
TOTAL SUPPLY	3846	3804	3819	3595	329	3810
MY Exports	59	59	40	50	0	50
MY Exp. to the EC	20	55	10	45	0	45
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	3450	3445	3450	3225	0	3410
TOTAL Dom. Consumption	3450	3445	3450	3225	0	3410
Ending Stocks	337	300	329	320	0	350
TOTAL DISTRIBUTION	3846	3804	3819	3595	0	3810
Calendar Year Imports	2200	2169	2150	2000	0	2200
Calendar Yr Imp. U.S.	200	58	200	60	0	70
Calendar Year Exports	60	75	40	50	0	50
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Meal, Sunflowerseed

PSD Table						
Country	Italy					
Commodity	Meal, Sunflower seed				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Crush	676	664	670	664	0	683
Extr. Rate, 999.9999	0.569527	0.561747	0.570149	0.561747	ERR	0.562225
Beginning Stocks	40	40	10	30	40	30
Production	385	373	382	373	0	384
MY Imports	145	167	230	160	0	160
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	20	2	25	2	0	2
TOTAL SUPPLY	570	580	622	563	40	574
MY Exports	5	5	7	5	0	5
MY Exp. to the EC	4	3	6	3	0	3
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	555	545	575	528	0	539
TOTAL Dom. Consumption	555	545	575	528	0	539
Ending Stocks	10	30	40	30	0	30
TOTAL DISTRIBUTION	570	580	622	563	0	574
Calendar Year Imports	200	147	230	160	0	160
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	5	18	7	5	0	5
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Meal, Rapeseed

PSD Table						
Country	Italy					
Commodity	Meal, Rapeseed				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	67	67	50	60	0	60
Extr. Rate, 999.9999	0.567164	0.567164	0.58	0.566667	ERR	0.566667
Beginning Stocks	0	0	0	0	0	0
Production	38	38	29	34	0	34
MY Imports	96	96	125	100	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	73	28	93	30	0	30
TOTAL SUPPLY	134	134	154	134	0	134
MY Exports	1	1	0	0	0	0
MY Exp. to the EC	1	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	133	133	154	134	0	134
TOTAL Dom. Consumption	133	133	154	134	0	134
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	134	134	154	134	0	134
Calendar Year Imports	120	78	125	100	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1	0	0	0	0
Calndr Yr Exp. to U.S.	1	0	0	0	0	0

Meal, Peanut

PSD Table						
Country	Italy					
Commodity	Meal, Peanut				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	4	0	0	0	0
MY Imports	4	0	4	4	0	4
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4	4	4	4	0	4
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	4	4	4	4	0	4
TOTAL Dom. Consumption	4	4	4	4	0	4
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	4	4	4	4	0	4
Calendar Year Imports	4	4	4	4	0	4
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oil, Soybean

PSD Table						
Country	Italy					
Commodity	Oil, Soybean				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1668	1631	1665	1609	0	1600
Extr. Rate, 999.9999	0.165468	0.161864	0.165165	0.164699	ERR	0.165
Beginning Stocks	21	22	24	20	18	20
Production	276	264	275	265	0	264
MY Imports	16	16	10	15	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	10	16	10	15	0	15
TOTAL SUPPLY	313	302	309	300	18	299
MY Exports	30	30	32	30	0	30
MY Exp. to the EC	3	5	3	5	0	5
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	259	252	259	250	0	249
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	259	252	259	250	0	249
Ending Stocks	24	20	18	20	0	20
TOTAL DISTRIBUTION	313	302	309	300	0	299
Calendar Year Imports	11	14	10	15	0	15
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	30	35	35	30	0	30
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oil, Sunflowerseed

PSD Table						
Country	Italy					
Commodity	Oil, Sunflower seed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Crush	676	664	670	664	0	683
Extr. Rate, 999.9999	0.403846	0.406627	0.404478	0.406627	ERR	0.407028
Beginning Stocks	50	50	50	40	46	40
Production	273	270	271	270	0	278
MY Imports	33	27	30	35	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	30	27	30	35	0	30
TOTAL SUPPLY	356	347	351	345	46	348
MY Exports	37	40	40	30	0	30
MY Exp. to the EC	35	22	30	20	0	0
Industrial Dom. Consum	11	10	25	14	0	18
Food Use Dom. Consump.	258	257	240	261	0	260
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	269	267	265	275	0	278
Ending Stocks	50	40	46	40	0	40
TOTAL DISTRIBUTION	356	347	351	345	0	348
Calendar Year Imports	20	39	30	35	0	30
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	40	28	40	30	0	30
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oil, Rapeseed

PSD Table						
Country	Italy					
Commodity	Oil, Rapeseed				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	67	67	50	60	0	60
Extr. Rate, 999.9999	0.402985	0.402985	0.4	0.4	ERR	0.4
Beginning Stocks	10	10	10	10	10	10
Production	27	27	20	24	0	24
MY Imports	68	77	90	90	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	68	77	90	90	0	0
TOTAL SUPPLY	105	114	120	124	10	134
MY Exports	4	3	2	0	0	0
MY Exp. to the EC	3	1	1	0	0	0
Industrial Dom. Consum	35	40	41	56	0	72
Food Use Dom. Consump.	56	61	67	58	0	52
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	91	101	108	114	0	124
Ending Stocks	10	10	10	10	0	10
TOTAL DISTRIBUTION	105	114	120	124	0	134
Calendar Year Imports	65	70	120	90	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	3	6	2	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Oil, Olive

PSD Table						
Country	Italy					
Commodity	Oil, Olive				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Area Planted	1158	1136	1160	1102	0	1080
Area Harvested	1140	1115	1145	1075	0	1050
Trees	0	0	0	0	0	0
Beginning Stocks	320	320	240	300	255	290
Production	430	500	670	614	0	510
MY Imports	380	440	300	350	0	450
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	230	293	190	230	0	300
TOTAL SUPPLY	1130	1260	1210	1264	255	1250
MY Exports	200	239	260	250	0	220
MY Exp. to the EC	70	102	90	120	0	100
Industrial Dom. Consum	3	3	3	3	0	3
Food Use Dom. Consump.	687	718	692	721	0	727
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	690	721	695	724	0	730
Ending Stocks	240	300	255	290	0	300
TOTAL DISTRIBUTION	1130	1260	1210	1264	0	1250
Calendar Year Imports	380	418	300	350	0	450
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	200	248	260	250	0	220
Calndr Yr Exp. to U.S.	90	89	90	90	0	90

Oil, Palm

PSD Table						
Country	Italy					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	20	20	20	20	20	20
Production	0	0	0	0	0	0
MY Imports	192	195	200	200	0	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	20	18	20	20	0	20
TOTAL SUPPLY	212	215	220	220	20	220
MY Exports	23	14	23	15	0	15
MY Exp. to the EC	23	13	23	14	0	14
Industrial Dom. Consum	109	126	112	130	0	130
Food Use Dom. Consump.	60	55	65	55	0	55
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	169	181	177	185	0	185
Ending Stocks	20	20	20	20	0	20
TOTAL DISTRIBUTION	212	215	220	220	0	220
Calendar Year Imports	192	208	200	200	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	15
Calendar Year Exports	23	15	23	15	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIXES

Oilseed, Soybean Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oilseed, Soybean		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Austria	1	Austria	3
France	9	Switzerland	1
Greece	13		
Switzerland	5		
Thailand	14		
Total for Others	42		4
Others not Listed	7		
Grand Total	49		4

Oilseed, Soybean Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oilseed, Soybean		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.	227	U.S.	284
Others		Others	
Germany	2	Germany	1
Argentina	86	Austria	2
Brazil	424	Hungary	1
Paraguay	13	Romania	22
		Brazil	351
		Paraguay	30
Total for Others	525		407
Others not Listed	16		2
Grand Total	768		693

Oilseed, Sunflowerseed Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oilseed, Sunflowerseed		
Time period	July-June	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	7	France	6
Switzerland	1	Switzerland	1
		Albania	1
Total for Others	8		8
Others not Listed			
Grand Total	8		8

Oilseed, Sunflowerseed Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oilseed, Sunflowerseed		
Time period	July-June	Units:	1.000 MT
Imports for:	1997		1998
U.S.	4	U.S.	15
Others		Others	
Hungary	4	Hungary	4
Russia	67	Russia	61
Ukraine	67	Ukraine	72
Romania	18	Romania	51
Moldova	3	Moldova	13
Argentina	19	Argentina	27
		Uruguay	16
Total for Others	178		244
Others not Listed	2		2
Grand Total	184		261

Oilseed, Rapeseed Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oilseed, Rapeseed		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Romania	4	Austria	5
Russia	3	Germany	1
Germany	4	Romania	16
France	2	Ukraine	4
Total for Others	13		26
Others not Listed			
Grand Total	13		26

Oilseed, Peanut Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oilseed, Peanut		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.	3	U.S.	
Others		Others	
Netherlands	2	Netherlands	2
Argentina	5	Argentina	12
Total for Others	7		14
Others not Listed	2		1
Grand Total	12		15

Meal, Soybean Exports

Export Trade Matrix			
Country	Italy		
Commodity	Meal, Soybean		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Austria	10	Austria	55
Albania	1	Albania	4
Switzerland	5		
Lybia	16		
Total for Others	32		59
Others not Listed	7		
Grand Total	39		59

Meal, Soybean Imports

Import Trade Matrix			
Country	Italy		
Commodity	Meal, Soybean		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.	341	U.S.	71
Others		Others	
Netherlands	2	Argentina	1740
France	9	Brazil	293
Argentina	1181	India	30
Brazil	294		
Total for Others	1486		2063
Others not Listed	4		5
Grand Total	1831		2139

Meal, Sunflowerseed Exports

Export Trade Matrix			
Country	Italy		
Commodity	Meal, Sunflowerseed		
Time period	July-June	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	2	Spain	2
U.K.	5	U.K.	1
Cyprus	4	Malta	2
Total for Others	11		5
Others not Listed	1		
Grand Total	12		5

Meal, Sunflowerseed Imports

Import Trade Matrix			
Country	Italy		
Commodity	Meal, Sunflowerseed		
Time period	July-June	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	2	Romania	1
Romania	24	Ukraine	18
Ukraine	44	Moldova	2
Argentina	126	Argentina	141
India	24		
Total for Others	220		162
Others not Listed	17		5
Grand Total	237		167

Meal, Rapeseed Exports

Export Trade Matrix			
Country	Italy		
Commodity	Meal, Rapeseed		
Time period	October-September	Units:	1,000 MT
Exports for:			1
U.S.		U.S.	
Others		Others	
		Cyprus	1
Total for Others	0		1
Others not Listed			
Grand Total	0		1

Meal, Rapeseed Imports

Import Trade Matrix			
Country	Italy		
Commodity	Meal, Rapeseed		
Time period	October-September	Units:	1,000 MT
Imports for:			1
U.S.		U.S.	
Others		Others	
Austria	155	Austria	25
		Ukraine	3
		India	46
		Hungary	9
		Romania	5
		China	4
Total for Others	155		92
Others not Listed	4		4
Grand Total	159		96

Meal Peanuts Exports

Export Trade Matrix			
Country	Italy		
Commodity	Meal, Peanut		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Argentina	4	Argentina	3
		Senegal	1
Total for Others	4		4
Others not Listed			
Grand Total	4		4

Meal, Peanut Imports

Import Trade Matrix			
Country	Italy		
Commodity	Meal, Peanut		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Argentina	4	Argentina	3
		Senegal	1
Total for Others	4		4
Others not Listed	0		
Grand Total	4		4

Oil, Soybean Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oil, Soybean		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Turkey	16	Greece	4
Tunisia	6	Germany	1
Algeria	3	Turkey	16
Greece	4	Tunisia	5
		Georgia	1
		Lebanon	1
		Norway	1
		Falkland Islands	1
Total for Others	29		30
Others not Listed	6		
Grand Total	35		30

Oil, Soybean Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oil, Soybean		
Time period	October-September	Units:	1,0000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Germany	2	Germany	10
France	1	Spain	5
Spain	2		
Total for Others	5		15
Others not Listed			1
Grand Total	5		16

Oil, Sunflowerseed Imports

Export Trade Matrix			
Country	Italy		
Commodity	Oil, Sunflowerseed		
Time period	July-June	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Netherlands	5	France	7
France	14	Netherlands	3
Greece	9	Greece	8
Belgium-Lux	6	Switzerland	3
Switzerland	5	Yugoslavia	3
Germany	2	Albania	2
		Algeria	1
		Turkey	2
Total for Others	41		29
Others not Listed	19		11
Grand Total	60		40

Oil, Sunflowerseed Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oil, Sunflowerseed		
Time period	July-June	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	29	France	18
Germany	1	Spain	8
Spain	12	Germany	1
Argentina	2		
Slovenia	2		
Total for Others	46		27
Others not Listed	1		
Grand Total	47		27

Oil, Olive Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oil, Olive		
Time period	November-October	Units:	1,000 MT
Exports for:	1997		1998
U.S.	88	U.S.	86
Others		Others	
France	15	France	27
Germany	27	Germany	29
U.K.	10	U.K.	12
Spain	5	Spain	18
Greece	3	Greece	1
Saudi Arabia	1	Saudi Arabia	1
Japan	16	Japan	15
Canada	12	Canada	10
Australia	5	Australia	5
Total for Others	94		118
Others not Listed	28		35
Grand Total	210		239

Oil, Olive Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oil, Olive		
Time period	November-October	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	3	France	2
Greece	119	Greece	196
Spain	223	Spain	95
Tunisia	80	Portugal	1
Morocco	1	Tunisia	96
Turkey	9	Morocco	8
		Turkey	42
Total for Others	435		440
Others not Listed			
Grand Total	435		440

Oil, Rapeseed Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oil, Rapeseed		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	2	Angola	1
		Somalia	1
		Pakistan	1
Total for Others	2		3
Others not Listed	1		
Grand Total	3		3

Oil, Rapeseed imports

Import Trade Matrix			
Country	Italy		
Commodity	Oil, Rapeseed		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	22	France	20
Germany	16	Germany	47
U.K.	8		
Total for Others	46		67
Others not Listed			
Grand Total	46		67

Oil, Palm Exports

Export Trade Matrix			
Country	Italy		
Commodity	Oil, Palm		
Time period	October-September	Units:	1,000 MT
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
France	6	France	5
Germany	7	Germany	6
Total for Others	13		11
Others not Listed	2		2
Grand Total	15		13

Oil, Palm Imports

Import Trade Matrix			
Country	Italy		
Commodity	Oil, Palm		
Time period	October-September	Units:	1,000 MT
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Netherlands	19	Netherlands	16
Papuasia	54	Papuasia	60
Indonesia	54	Indonesia	24
Malaysia	58	Malaysia	91
Total for Others	185		191
Others not Listed	7		4
Grand Total	192		195

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING

TOTAL OILSEEDS

GENERAL

Total Italian oilseed production in 1999 is reported to be 1,359,000 tons, or 17 percent lower than in the previous year as a result of a dramatic decline of planted area (-28 percent compared to 1998). The reduction is partially offset by a recovery of yields in comparison to the poor production in 1998 from adverse weather. Yields still, however, remained lower than the historical average due to excess rains during the harvesting season.

Preliminary indications for this year show a slight decrease of the overall oilseed area, but the situation varies according to each individual crop. Soybean plantings are unofficially estimated to have risen by 5 percent, while area planted to sunflowerseeds should decline by 3 percent and rapeseed plantings are expected to drop by about 31 percent.

Farmers' planting decisions this year have been influenced by several different, and sometimes conflicting, factors. One of the largest negative factors is a 13.2 percent reduction of the specific aid per hectare paid to the growers for oilseeds, as a first step towards lowering soybean aid to that in force for grains under the Agenda 2000. However, this will be more than offset by the fact that there will no penalization on production aid based on overproduction under the Blair House Agreement (BHA). In the past two years, because of total planted area at EU level which exceeded the ceiling fixed by the BHA, and world market price trends, there was a cut of the aid per hectare by 20.11 percent in 1998 and 30.3 percent in 1999.

Another important factor which may have played an important role in favor of oilseed acreage this year also comes from Agenda 2000. Through 1999, the "small producers" generally opted for the simplified regime in order to avoid the compulsory set aside requirement, thus giving up the specific oilseed aid per hectare. Starting this year, instead, they are eligible to obtain the aid, without being required to set aside part of their fields. As a result, most of the small growers may decide to plant oilseeds rather than grains on at least part of their acreage. Furthermore, in the case of soybeans, domestic prices follow world prices and continued to recover during the first months of 2000, exceeding by 20 to 25 percent the levels of the corresponding period of 1999. This improvement was also aided by a weakened Italian lire in relation to the U.S. dollar, causing domestic prices to increase.

In the Po valley, however, where the farms are larger, a further increase in corn area is reported this year due to the still highly profitable aids per hectare for corn and its higher yields. In the case of sunflowerseeds (mainly planted in central and southern Italy), some growers shifted partially to durum wheat for which a supplementary aid per hectare is granted. As a result, total sunflowerseed area is reported to have declined slightly this year, particularly in the south.

The official rapeseed reported area is expected to decrease substantially this year, due also to the implementation of stricter controls from AIMA (the State Market Intervention Agency) on actual plantings, particularly in the southern regions. In these regions, many growers plant rape but do not harvest the crop, as the EU regulations grant them the per hectare aids regardless of whether it is harvested or not. This situation had raised the protest from the growers in northern and central Italy, who in the past had to pay the penalty for overproduction based on this “ghost” acreage.

Oilseed acreage on set aside land for non food use is anticipated to decline remarkably this year to no more than about 14,000 hectares, or one third less than last year. In 1999, on the other hand, total set aside land had risen to about 186,000 hectares, in line with the increased set aside rate required by the EU (10 percent).

The Italian oilseed sector remains very concerned with the implications of full implementation of Agenda 2000 in the medium-to-long term. The Italian industry feels that reducing the aids per hectare for oilseeds to the same level of grains (to be gradually implemented between 2000 and 20002) will make oilseed production uncompetitive compared to corn and the other grains. The Italian authorities are studying possible solutions in order to keep oilseed acreage at competitive levels. One suggestion is a drastic change of the current regionalization plan in which the aids per hectare are modulated for corn, other grains and oilseeds. Right now, the aids for corn are much higher than for winter grains in the same producing area; therefore, lowering the aids for corn to the level of the other grains could make corn production less competitive than oilseed production. This plan would also reduce the risks of a surplus of the corn area fixed by the EU for Italy as producers switch from soybeans.

Another major area of concern relates to the GMO issue. While farmers are not able to capitalize on the pesticide savings from using GMO seeds, some observers point that wide-spread "GMO free" production could benefit producers in terms of price. The possibility to create a "double market" for GM soybeans (imported mainly from the U.S. and Brazil) and GMO free soybeans (such as the domestic crop) is seen by the industry as a possible solution to the current controversial situation. Under such a situation, the crushing industry, however, would be required to segregate the two products, and possibly even utilize different crushing plants for the two types of soybean.

PRODUCTION POLICY

As mentioned above, oilseed acreage on set aside land for non food use this year amounted to a marginal area. According to unofficial estimates, cultivation contracts between crushers and growers have been signed for 13,551 hectares planted to sunflowerseeds (vs. 16,283 hectares in 1999), and 734 hectares planted to rape (1,167 hectares in 1999). No planting on set aside land of soybeans have been reported (4,222 hectares in 1999). The three-year inter-professional agreement, which sets the prices for oilseeds for non food uses, expired in 1999. The very low interest from the growers for planting on set-aside is reflected in the lack of a new agreement.

There is also no agreement on the prices of oilseeds for food use. Domestic prices are therefore, following international market trends. The domestic prices of soybeans, which in 1999 averaged some 22 percent less than in 1998, have recovered substantially during the first months of this year. In April 2000, prices averaged over 27 percent more than in April 1999, but still remained well below the levels of 1997 and 1998. Sunflowerseed prices, on the other hand, are reflecting the weak sun oil market. During the first quarter of 2000, when the planting decisions were made by the growers, prices averaged 15 to 18 percent less than last year,

CROP AREA

Soybeans are cultivated almost exclusively in the Po valley, where competition from other alternative crops, like grains (particularly corn), sugar beets, and forage crops is strong. Sunflowerseed area, on the other hand, is concentrated in central Italy (almost 70 percent of the total in 1999). For 2000, as producers in southern Italy switch to durum production, sunflowerseed production will become increasingly centered in central Italy. Almost half of the Italian rapeseed area in 1999 was in the south, where yields are usually negligible.

CONSUMPTION

Domestic oilseed crushing, which has remained practically unchanged at about 2.4 MMT in the last years, is expected to decrease marginally in MY 1999/2000, in line with the reduction in domestic crops. The availability of domestic beans is important to the domestic crushing industry due to their reduced transportation costs compared to the imported seeds since many plants are not close to the main ports. According to ASSITOL (the Crushing Industry Association), total crushing capacity is about 4 million MT and actual plant utilization is about 60 percent of capacity. Domestic consumption of full fat soybeans is estimated at 175,000 tons in 1999/2000 but is expected to decline due to competition from other cheaper feed ingredients.

TRADE

Italian soybean imports, after the drop reported 1n 1998/99, are expected to recover substantially in MY 1999/2000, in line with the domestic crop fluctuations. The following table shows the breakdown by major countries of origin during the most recent years.

ITALIAN SOYBEAN IMPORTS (selected years)
(1,000 MT)

	1993/4	1994/5	1995/6	1996/7	1997/8	1998/99
Total	1,171	1,298	993	832	768	693
U.S.	547	806	563	452	227	284
Argentina	336	337	199	82	86	0
Brazil	282	146	196	277	424	351

source: ISTAT (Official Institute of Statistics)

The expected import growth in 1999/2000, however, should mainly favor shipments from Brazil, while imports from the United States are expected to remain substantially unchanged in both 1999/2000 and 2000/01. Imports from South America are less closely linked to domestic production because they are purchased during the summer, when domestic crop supplies are exhausted.

TOTAL OILMEALS

PRODUCTION

Following the oilseeds crush trend, Italian protein meal production remained virtually unchanged in 1999/99 and is expected to only decrease marginally in 1999/2000. Soybean meal, as usual, represents the largest share of total production, followed by sunflowerseed meal.

CONSUMPTION

As a result of an epidemic of avian flu which struck northern Italy last January, feed demand from the poultry sector is reported to have declined during the first months of 2000. Total domestic feed consumption of soybean meal, in particular, is expected to drop by over 200,000 tons during 1999/2000, as a result of this situation, but could recover to more normal levels in the coming 2000/01 marketing year. Soybean meal consumption, however, could also be affected in the short-to-medium term by difficult current domestic market trend which is being influenced by the strong dollar. Presently, prices of imported soybean meal are about 35 percent over the level reported one year ago, while the 1999 average price was some 16 percent lower than the 1998 value.

According to ASSALZOO, the Italian Compound Feed Association, compound feed production in 1999 is preliminarily estimated at 11.1 MMT, down from 11.3 MT produced in 1998. Production could also decline slightly in 2000, reflecting the reduced demand from the poultry sector which is only being partially offset by marginal increases from the cattle and swine sectors.

The use of NGFI's in Italy remained marginal in 1999 and is not expected to reach levels comparable to other European countries in the near future. Imports of corn gluten feed, almost all from the United States, dropped again in CY 99 to only 175,400 MT, or 13 percent lower than in 1998, due mainly to large domestic corn supplies. Similarly, imports of distilling dregs were only 40,200 tons (of which 16,800 from the U.S.), or 16 percent less than in 1998.

TRADE

Favored by more competitive world prices, soybean meal imports into Italy recovered substantially in 1998/99, but are expected to decrease in current 1999/2000, due to the strong dollar and the lower demand from the poultry sector. The following tables show the breakdown of Italian soybean meal imports by country of origin during the most recent years.

ITALIAN SOYBEAN MEAL IMPORTS
(1,000 MT)

	1993/4	1994/5	1995/6	1996/7	1997/8	1998/1999
Total	1,747	1,853	1,934	1,725	1,848	2,139
U.S.	26	56	79	178	341	71
Argentina	910	678	1,119	1,120	1,181	1,740
Brazil	803	1,087	713	414	294	293

source: ISTAT (Official Institute of Statistics)

As can be seen from the above table, the U.S. share of soybean meal imports into Italy in 1998/99 was negligible after the recovery reported in the previous year. Strong competition from South America, in particular from Argentina (which is still reported to export on a dumping basis), represents the major constraint for U.S. shipments to Italy.

TOTAL OILS

PRODUCTION

On average, about half of total Italian vegetable oil production is made up of olive oil. Production levels are subject to the biannual fluctuations typical of olive trees. Olive oil production for 1999/2000 is unofficially estimated at 614,000 tons (including some 35,000 tons of olive residues oil), or 23 percent larger than in 1998/99, an “off” year in the production cycle. Weather conditions in 1999 were generally good in all the leading production areas, except a continued drought created some problems, particularly in Sardinia where olive dropping were reported, and Sicily. The largest crop increases from 1998 were reported in Calabria (+62 percent) and Apulia (+45 percent), while in central Italy, where the quality of the production is generally better than in the south, the fluctuations of the crop are usually lower.

Preliminary indications for the 2000/01 olive oil crop are still uncertain. Being an "off" year, output is expected to be close to the 1998/99 level, but weather conditions in the next months can still affect the total production volume and quality.

CONSUMPTION

Domestic olive oil consumption is anticipated to remain virtually unchanged both in MY 1999/2000 and in 2000/01. According to ISMEA, 1998/99 Italian farm gate prices for olive oil averaged 11 percent more than the previous year because of relatively low domestic supplies. During the first months of 1999/2000, the Italian olive oil market benefitted from drastically reduced sales by the local grower cooperatives in Spain who were trying to improve their market situation which was dominated by large stocks. Domestic per capita olive oil consumption is stable at about 11/12 kilograms, while that of seed oil is also unchanged at about 13 kilograms.

According to industry sources, biodiesel fuel production for the period July 1999-June 2000, totaled 70,000 tons, significantly larger than the 50,000 tons of the two previous years. This level, however, remains much lower than the maximum quantity of 125,000 tons eligible under Italian law for tax relief, due the reduced profit margins for this product compared to other products. The Italian authorities, responding to environmental issues raised by the general public, are trying to further stimulate production of alternative fuels. Last February, the government passed a biofuel program (called Probio) which will implement resolutions from the 1997 environmental conference in Kyoto. In coordination with the regions, the program will allocate 5 billion lire (about $2.3 million) per year during the next three years, to stimulate production of biofuels from agricultural products. Record high prices of petroleum reported during the last months, may provide an equal, if not greater, stimulant to biofuel production.

Currently, about 80 percent of the biodiesel is produced from imported rapeseed oil with the remainder produced from sunoil. Most of the biodiesel is utilized for heating purpose, while only a minor part is blended in with the fuel used by the city transportation companies, replacing about one fifth of the normal fuel used.

TRADE

In 1998/99, despite the lower domestic crop, Italian olive oil imports were only marginally larger than in the previous year because of the large carry over stocks from record production in 1997/98. The leading supplier was Greece, with about 45 percent of the total, while Spain reduced drastically its sales into the Italian market as mentioned above. Most of this product is virgin olive oil that is blended with Italian oil and sold under Italian labels in both the domestic and the export markets.

Trade figures for the Italian product are distorted by huge levels of temporary imports, mainly coming from Turkey and Tunisia, which are processed locally and/or blended with other olive oils and then re-exported. Italian imports from Tunisia are regulated by a bilateral agreement with the EU which provides for an annual quota of 46,000 tons which can be imported at a reduced duty rate.

Imports of both soybean and sunflowerseed oil remain marginal, while rapeseed oil imports are expected to grow in 1999/2000 in line with the expanded biodiesel production. Imports of palm oil, mainly from Indonesia and Malaysia, are expected to remain practically unchanged.

Italian olive oil exports continue to grow, reaching a new record high level of over 239,000 tons in 1998/99, although much of this includes blended products containing a large share of non-Italian olive oils. The major outlet remains the U.S. (36 percent of the total), followed by some EU countries, Japan, Canada, and Australia.

POLICY

As reported last year, the 1998 Common Agricultural Policy (CAP) for the olive oil sector fixes a Maximum Guaranteed Quantity for Italy of 543,164 tons, which is a level between a normal crop in an “off” year and “on” year. The current policy will possibly be revised in 2001, but Italian farmers want to maintain the aid per tons, as opposed to aid per tree as preferred by the Spanish.