



June 2002

Canola 2002/03

Area planted and production estimates have been reduced by a bit over 10% from last month due to dry weather and low subsoil moisture.

| State | 2001/02 Production (Tonnes) | 2002/03 Planting Intentions | |
|----------|-----------------------------------|-----------------------------|------------------------|
| | | Area Planted (Hectares) | Production (Tonnes) |
| NSW | 600,000 | 360,000 | 540,000 |
| Victoria | 372,000 | 220,000 | 319,000 |
| SA | 214,500 | 145,000 | 210,000 |
| WA | 421,200 | 315,000 | 369,000 |
| Total | 1,607,700 | 1,040,000 | 1,438,000 |

Source: Canola Association of Australia, 15/6/02

The area sown in **NSW** has been reduced, with the north west most affected where sowings are down 30% on a small base. Approximately 50-60% of the crop is rated average/good, 20% below average and 20-25% poor. The poor condition crop was late sown and has achieved patchy germination. Aphids have been noted in the central and southern areas, and are causing a potential virus concern. Earwig and slug activity, while detected in the southern area, is not as bad as last season. Yield estimates have been left unchanged, but the crop will need 15-25 mm of rainfall in the next 10 days and a good spring to maintain its potential.

Conditions in most of the **Victorian** canola growing areas are ordinary at best, with the Western District the only exception. The Wimmera, Mallee and central (including Yarrowonga) areas are very dry and crop establishment is patchy, with many crops sown dry on variable moisture. There is still 25-30% of the crop yet to be planted, but this is mainly in the Western District and is not under threat. Both area sown and yield have been reduced.

In **SA** crops are in reasonable condition after a late break, and most crops have been sown, even in dry areas. The SA Mallee has missed out on the latest rainfall, but most other areas are reasonable. The condition of the crop in the south-east is good. Low soil nitrogen contents have been measured in many areas following last year's exceptional crops and the dry summer not helping mineralisation.

In **WA**, the Geraldton area is good in the coastal zone, but certain areas are down on last year. Crops in the Kwinana region were showing signs of patchy germination, but have responded well to recent rainfall although the soil is still dry and more rain is needed. The Albany district still has some dry areas, but the coastal area is in good to excellent condition with a good moisture profile except in the north-east part. The Esperance district is in excellent shape with increased area and yield over last year.

Soybeans & Sunflowers 2001/02

The soybean harvest is complete and estimates are unchanged from last month.

The sunflower estimates are also unchanged, however, the continuing dry conditions in Queensland are adversely impacting the crop.

| Soybeans | 2000/01 | 2001/02F | |
|-----------------|--------------------|-------------------------|-------------------------|
| | Prod'n (tonnes) | Est. Area (hectares) | Est. Prod'n (tonnes) |
| Queensland | 12,460 | 9,300 | 19,760 |
| New South Wales | 44,155 | 21,257 | 50,759 |
| Victoria | 1,800 | 800 | 1,840 |
| Total | 58,415 | 31,357 | 72,359 |

| Sunflowers | 2000/01 | 2001/02F | |
|------------------|--------------------|-------------------------|-------------------------|
| | Prod'n (tonnes) | Est. Area (hectares) | Est. Prod'n (tonnes) |
| Queensland | | | |
| -monounsaturates | 20,200 | 10,700 | 11,300 |
| -polyunsaturates | 22,900 | 19,000 | 16,400 |
| New South Wales | | | |
| -monounsaturates | 8,340 | 21,050 | 28,200 |
| -polyunsaturates | 12,320 | 10,120 | 14,850 |
| Total | 63,760 | 61,470 | 70,750 |

Source: Industry Estimates, 15/6/02

Market Comment

The canola situation is best described as a weather market with prices fluctuating accordingly. Prices have generally been on the up over the last 6 weeks but came under pressure late last week and early this week. There are however, some positive signs for prices with the CWB reducing its estimate for this season by 1 million tonnes to 4.64 million tonnes (400,000 tonnes below last years drought affected crop). China has been a recent strong buyer of oil and soybeans and there are signs that their crop is under pressure from poor weather. The weather market is expected to continue for the next month to 6 weeks until crop establishment has been more firmly assessed.

Upcoming Meetings/Conferences

- The Canola Association of WA has organized a bus tour of relevant locations in the state for September. There are also crop walks of seven trial crops being organized over the growing season.
- 12th Australian Soybean Conference will be held in Toowoomba on Wednesday 5th and Thursday 6th of March 2003, with a research meeting on the 4th of March.

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Industry News

Trade issues dominate the International Seed Crushers Association Council Meeting

The International Association of Seed Crushers round of meetings held in Stockholm in June were dominated by discussions on how to move the WTO agenda forward in order to liberate world trade.

Australia was at the forefront in broadening the discussion about free trade in the light of recent actions regarding the US farm bill and the EU inspired Cartagena Protocol.

Clearly the hypocrisy and magnitude of the US farm bill has embarrassed all US citizens (apart from the farm lobby) and it was positive to see the US delegates supporting the proposed IASC position on trade.

While there has been a coalition of countries outside the IAS supporting a Level Playing field in trade it was agreed that this LPF should be the basis of a broader IASC position in supporting a more liberal trade environment. Whilst this move is one small step forward in the oilseed industry the unanimous support for this policy development has brought together exporting and importing countries in looking for a solution to turn around a tide of protectionism that has developed recently. Every one understands that the world's growth over the last few decades has been because of trade liberalization and consequently we have to keep that momentum going if we are to grow.

New President for IASC

John Goodwin was nominated by FEDIOL to succeed Sergio Barroso following the Rio Congress in April next year. This was supported unanimously by the IASC council. John's oilseed involvement includes Anglia Oils (UK) Aarhus (Denmark) and United Plantations (Malaysia).

John is well aware of Australia's position on trade and agriculture with his involvement in what is probably the world's largest organic wheat property in Central Queensland.

Allan McCallum President

US – Education program to promote bio-diesel

The Minnesota Department of Agriculture (MDA), the Agricultural Utilization Research Institute (AURI), the Minnesota Soybean Growers Association (MSGGA) and Minnesota Soybean Research & Promotion Council (MSRPC), has developed an educational task force to inform stakeholders about the bio-diesel industry and future opportunities.

Interest in bio-diesel production has increased since the Minnesota Legislature passed a bill mandating a 2% blend of bio-diesel in each gallon of petroleum diesel fuel sold in the state. This will require 16 million gallons of bio-diesel every year at the 2% mandated level. The State now faces the issue of how to source this volume of bio-diesel and hence the development of the "Bio-diesel 101" program.

The program will include information sessions covering state and federal laws, where federal legislation is headed, what is needed to make bio-diesel and marketing issues. It will also include information about a statewide feasibility study that will examine bio-diesel markets, product costs and evaluation of processing scenarios.

Is the fast growing functional foods market an opportunity for oilseeds?

The global market for natural health products and functional foods is now estimated to be approximately \$US140 billion and growing by around 10% per annum. This is being driven by a growing interest in products that promote general health and well being. Functional foods are similar in appearance to a conventional food, but have demonstrated physiological benefits and/or reduce the risk of chronic disease beyond basic nutritional functions. Functional foods represent a significant opportunity to add value to "traditional" crops such as canola, soybean and sunflower.

There has long been interest in vegetable oils as a source of dietary fat. Whilst there are existing functional oils on the market such as high oleic and mid oleic sun oil, recently there has been increased attention on the possible role of specific fatty acids in health and disease, in particular, sources of a-linolenic acid and g-linolenic acid.

Sunbutter – the new alternative to peanut butter

A new sunflower based spread has been developed will be welcomed by children allergic to peanuts. The product is a result of a joint initiative of the Agricultural Research Service (ARS) and Red River Commodities Inc., a major sunflower seed producer based in North Dakota in the US. With estimates that 3 million Americans are allergic to peanuts and/or tree nuts, the market potential is significant.

Sunflower seeds provide protein, fiber, vitamin E, zinc and iron and despite being a popular peanut alternative, a spreadable sunflower seed butter has not been successfully developed to date.

Sunbutter is claimed to be different from the unpalatable sunflower spreads of the past due to the process used that creates "nutbuttery" taste when they are blended with other ingredients. The finished product looks similar to peanut butter and has a mild, yet distinctive, sunflower seed flavour.