



Feb 2003

## Canola 2002/03

The 2002/03 season finished a little better than expected but was significantly impacted by one of the worst droughts on record. Production in South Australia, Western Australia and Victoria exceeded pre-harvest forecasts. It is now estimated that production was 730,000 tonnes compared to the December estimate of 620,000 tonnes.

Oil contents on the east coast varied considerably, with average oil contents down 3-5%. NSW oil contents appear to be the lowest with an average of 38-39%, with Victoria and South Australia slightly better at 39-41%. Western Australia fared much better with a state average of 44.1%. This was due to most production being along the coastal region of WA where rainfall was more favourable; as well as the continual improvement in growing techniques and new varieties better suited to Western Australia's unique environment.

Despite the better than anticipated harvest in Victoria and South Australia, there will still be a shortfall in meeting the east coast domestic crush demand of approximately 350,000 tonnes of canola.

## Sunflowers 2002/03

The sunflower industry looks set to have one of its lowest production years on record unless plantings in Central Queensland occur. There has been some rain falls across CQ in the last week, but with the planting window for sorghum still open, the sunflower area remains uncertain. The forecast estimate of 70,000 tonnes includes around 50,000 tonnes from CQ which is still highly uncertain.

	Est. Area (hectares)		Est. Production (tonnes)
	Planted	Intended	
Monounsaturated sunflower			
Queensland	1,610	20,000	21,645
NSW	13,500	-	15,500
Polyunsaturated sunflower			
Queensland		30,000	30,000
NSW	2,100	-	3,150
Total	17,210	50,000	70,295

Source: Industry Estimates, 14/02/03

## Soybeans 2002/03

Production estimates for soybeans have been revised upwards by slightly over 10%, due mainly to increased area planted in North Coast region of NSW and parts of Queensland. However, more rain will be required to realise this production, with dryland crops in northern NSW likely to see yield potential decline rapidly without rain in the next couple of weeks. In irrigated areas, continued water restrictions are resulting in below optimal conditions and watering frequency.

Estimated	Area Planted (ha's)	Production (Tonnes)
QLD	3,200	5,260
NSW	5,240	9,580
VIC	50	125
Total	8,490	14,965

Source: Industry Estimates, 14/2/03

## Market Comment

A lower tone to futures pricing in Chicago and Winnipeg helped to set the scene for the domestic market this week. Bearish fundamentals driven by good rain and forecasts for a bumper crop in South America, and the decision by India to keep the soy oil import base price at current levels (thereby hindering the chance for an increase of imports to that country) were the major factors driving international soybean markets.

News that two sales of Canadian canola seed had been made helped canola prices in Winnipeg over the week. These were supported by reports of a sale of local seed into Bangladesh. New crop values are still being encouraged by ongoing dry weather in Canada.

### Australian Oilseed News is provided free due to the support of the Oilseed Development Fund (ODF).

- Cargill Oilseeds Australia
- Unilever Foods
- Riverland Oilseed Processors
- Bartner Enterprises
- Meadow Lea Foods
- Peerless Holdings
- Ridley Agriproducts

## Upcoming Meetings/Conferences

- 5&6 March 12<sup>th</sup> Australian Soybean Conference Toowoomba. For further information contact Peter Brodie on 07 4630 1944
- 24-26 June 2002 Australian Sunflower Association Conference, Radisson Palm Meadows, Gold Coast. For further information contact Your Registration Desk on 07 3878 9242 or [yrd@tpg.com.au](mailto:yrd@tpg.com.au)
- 16 and 17 July Grains West Expo, WA. This is a conference being jointly hosted by Oilseeds WA, NACMA WA and SFMA WA
- 8<sup>th</sup> September 2003, ARAB 13 conference Tamworth

# Industry News

## Trade Figures

The import/export figures for the first half of 2002/03 show the impact of the current poor season. This shows the continuing high levels of imports of soybean meal which are on track to match last year's high levels. Sunflower, palm and soybean oil imports are also on track to be higher than last year and it is expected that canola oil imports will also rise. Canola and cotton seed exports will be down reflecting the smaller export surplus.

### Australian Imports and Exports

Item	First half 2002/03	2001/02
<b>Imports</b>		
Palm oil	67,433	94,675
Soy oil	4,856	6,341
Sunflower oil	11,532	14,540
Soybean meal	186,077	399,603
<b>Exports</b>		
Canola seed	251,483	1,296,390
Cottonseed	188,584	591,365

## Area planted to biotech crops continues to increase

World plantings of biotech crops have grown by 12 per cent in 2002 according to a report released by the International Service for the Acquisition of Agri-Biotech Applications (ISAAA).

The organisation says the dramatic uptake of biotech crops represents the sixth consecutive year of double-digit growth with the global market value of genetically modified crops valued at approximately \$4.25 billion, up from \$3.8 billion in 2001.

ISAAA reports that 16 countries are now producing transgenic varieties of various commodities with over 20 percent of global acreage planted to corn, cotton, canola and soybeans utilising biotech seeds. It estimates the world value of transgenic crops will equal \$5 billion by 2005.

According to ISAAA, bio-tech soybeans remain the most popular of the GM crops planted, representing 62 percent of global GM acreage, with corn coming in second at 21 percent.

More information can be found at [www.isaaa.org](http://www.isaaa.org)

## US bio-diesel industry continues to expand

West Central Soy, Iowa has begun bio-diesel production. The 12 million gallon capacity plant is one of 18 dedicated bio-diesel plants nationwide, with more than a dozen others planned by various private companies and farmer co-ops. More than 250 major fleets use bio-diesel nationwide.

West Central is a farmer owned cooperative with 3,500 members and a trade territory that spans 10 counties in Iowa. The company has sold bio-diesel nationwide since it first began producing SoyPOWER™ bio-diesel in 1996 at its old plant.

Bio-diesel is the only alternative fuel to have completed the rigorous Health Effects testing requirements of the Clean Air Act. Results show bio-diesel reduces carcinogenic air toxics by 75-90% compared to diesel. The results, submitted to the Environmental Protection Agency (EPA) in 2000, also show bio-diesel is low in toxicity, readily biodegradable and free of sulphur.

## Oilseeds Outlook

### Global

The USDA predicts global oilseed production for 2003 to be a record 326.5 million tonnes. This is up 13 million tonnes on last year and is primarily driven by ideal soybean growing conditions in South America. Brazil's soybean production is up by 7.5 million tonnes or 17% on last year to a record 51 million tonnes and Argentina is up by 3.5 to 33.5 million tonnes.

Soybean use in China is increasing with production rising by 1 million tonnes and imports by 4.5 million tonnes.

### Canada

For 2002-03, total production of oilseeds decreased due to one of the worst droughts on record in parts of western Canada. For 2003-04, area seeded to most major grains and oilseeds in western Canada is expected to increase due to strong prices in 2002-03, with the largest increases being to spring wheat, barley and canola. Actual seeded area will be highly dependent on spring precipitation, as subsoil moisture levels remain low across much of the Prairies.

### India forecasts lower summer oilseeds output

India expects its 2002/03 summer oilseeds output to be 6.99 million tonnes, down from 7.67 million tonnes in the same season a year ago. The output of rapeseed/mustard is expected to be 4.48 million tonnes against 5.04 million tonnes in the summer of 2001/02.

## Product Innovation – SoyScreen

A natural sunscreen product has been developed by the Agricultural Research Service (ARS), the in-house research agency of USDA. The product uses soybean oil as its main ingredient combined with ferulic acid. The soybean oil ensures that the sunscreen doesn't dissolve in water and ferulic acid is a natural antioxidant that absorbs ultraviolet light. SoyScreen has the added advantages of being environmentally benign. The ARS is currently negotiating a commercial licensing agreement.

## A reminder that the following report is available from AOF.

**Environmental Impact of GM Canola** – this report compiles research from Australia and overseas into the agronomic and environmental impact of GM canola and will assist the canola industry to make informed decisions about GM canola. Copies of the report can be obtained by calling AOF on 03 9533 2623.