



June 2003

Sunflowers 2002/03

The Australian sunflower crop will be one of the smallest crops on record with the current estimate now less than 30,000 tonnes following widespread drought. This is well below last years 70,750 tonnes and the five year average production of 115,000 tonnes.

	Est. Area (hectares) Planted	Est. Production (tonnes)
Monounsaturated sunflower		
Queensland	13,500	10,470
NSW	12500	9,605
Polyunsaturated sunflower		
Queensland	4,500	4,500
NSW	5,000	5,000
Total	35,500	29,575

Source: Industry Estimates, 14/03/03

Soybeans 2002/03

Soybean production estimates increased to 18,575 tonnes in June in line with larger planted areas in the north coast and northern NSW regions, although this is still well below the five year average of 107,000 tonnes. Part of this increase was attributed to a higher production of organic soybeans.

Estimated	Area Planted (ha's)	Production (Tonnes)
QLD	2,695	4,870
NSW	6,850	13,505
VIC	50	150
Total	9,595	18,525

Source: Industry Estimates, 13/6/03

Canola 2003/04

Dry conditions are now taking their toll on 2003/04 canola crop with the Canola Association of Australia reducing their June production estimate by 70,000 tonnes to 1.305 million tonnes. The CAA has also flagged the July estimate will be significantly lower without widespread rains in NSW and Victoria.

NSW – Another poor start for canola plantings has industry concerned they may be looking at their second drought affected year in succession. Major canola production regions in southern NSW remain unseasonably dry with the optimal planting time for canola already having elapsed in most areas. Northern and parts of the central regions have generally fared better with around 90% of intended planting complete although further rain is required. Early plantings in southern NSW went in on marginal moisture and have received little rainfall since, with moisture stress impacting crops. Intended canola area has been reduced by 50,000 ha following the poor start and this will decrease further without widespread rain in the southern areas in the coming 2-3 weeks, particularly given the poor subsoil moisture levels in many districts.

VIC – Growing conditions are extremely variable across the state and general widespread rains are required by the end of the month to maintain current estimates. A significant proportion of the Victorian canola crop was planted in May on marginal subsoil moisture and this now requires follow up rain to maintain current

yield forecasts. Central areas of the state have received some isolated rains, which have allowed crops to progress well in this area. Growers in the Western Districts are awaiting plantings rains and will still plant canola into July. Without good rainfall in June production estimates will decrease.

SA – The majority of canola has been planted and is in good condition although some further spring plantings will occur in some coastal regions. Most areas have received good follow up rains recently, with 10-100mm across the majority of the state last week. This has set the foundation for a good season and further good rains in the next month will improve yield prospects. The Mallee area has been less fortunate missing much of the states rain although this is a relatively small canola area.

WA – 95% of the WA crop was planted by end May following good rains earlier that month. Central and south eastern wheatbelt areas were off to a good start with general rains throughout May. More recently dry cold conditions have slowed crop growth as early sown crops approach full ground cover. The more traditional areas for canola, namely the Great Southern and South Coast, were sown at the end of May and are generally behind crops in the central and east wheatbelt. Early insect attack appears to have abated.

State	2002/03	2003/04 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	100,000	210,000	294,000
Victoria	180,000	233,000	326,200
SA	180,000	175,000	245,000
WA	330,000	400,000	440,000
Total	790,000	1,018,000	1,305,200

Source: Canola Association of Australia, 13/06/03

Market Comment

European canola prices have strengthened considerably over the past two months as canola imports become more likely following dry conditions in key canola producing regions. New crop FOB Baltic prices have jumped from lows of around US\$245/t FOB in early March to upwards of US\$285/t in early June.

Canadian canola prices followed US soybeans lower during the week after a bearish USDA June report, which increased soybean stocks to record levels and raised the Brazilian soybean crop by one million tonnes to 52 MMT. Dryness in the main Chinese soybean production area and on the European canola crop was not enough to maintain Chicago soybean or Winnipeg canola futures.

Australian canola prices have also been firming as traders begin to factor in another small canola crop in eastern Australia. Most of the price appreciation has come through a strengthening in the Australian basis over Winnipeg futures. Market estimates for the Canadian canola crop now range from 5.2 MMT to 6.2 MMT, well up from last years 3.5 MMT.

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Upcoming Meetings/Conferences

- 24-26 June 2003 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
- 16 and 17 July 2003 Grains West Expo, WA. This is a conference being jointly hosted by Oilseeds WA, NACMA WA and SFMA WA
- 12-14 August 2003 Agriculture Australia, Melbourne
- AOF Forum on 14 August 2003, Melbourne
- 8 September 2003, ARAB 13 conference Tamworth

Industry News

Bearish tone from USDA Report

USDA lifted its estimate for the 2002/03 Brazilian soybean crop in their June report from 51MMT to 52MMT as a result of an increase in harvested area. They also lifted their forecast for 2002/03 Chinese soybean imports by 500,000 tonnes to 17MMT.

The 2002/03 US soybean crush estimate was reduced by 5 million Bu to 1,610 million bushels, and 2002/03 US soybean ending stocks were raised to 140 million bushels. World 2002/03 soybean end stocks were also increased to near record large 31.84 MMT.

China buys large quantities of soyoil

Traders are reporting that China has been purchasing significant quantities of soybean oil in a move that could be designed to curb the countries huge appetite for imported soybeans. Market reports say that between 170,000 to 180,000 tonnes of South American soybean oil were purchased shipment between June and September which could replace up to one million tonnes of soybean imports.

USDA also increased their forecasts for Chinese oil imports up from 1.1 MMT to 1.3 MMT in their June report, up significantly from 0.4MMT in 2001/02.

China announces it will extend rules on GM imports

Officials from the Chinese agricultural ministry have announced they will extend the current rules relating to GM imports that were due to expire at the end of September. The rules require importers to provide Safety Certificate and other documentation relating to the shipments.

New cooking oil lowers cholesterol & burns calories

A "designer" cooking oil developed by Professor Peter Jones of McGill University Canada may help people lower their cholesterol levels and, in some cases, shed extra pounds according to recently released reports. The product - a blend of plant sterols and extracts from olive, flaxseed, coconut and tropical oils – is directed to the liver and is burned as energy rather than being stored as fat. Researchers found it reduced cholesterol levels by more than 13% compared to olive oil which has been shown to reduce cholesterol by 4.5%. Men who took part in the study lost an average of one pound per month although a similar weight loss was not seen in women. Further information can be found at: www.mcgill.ca/releases/2003/june/oil/

International protocol to tighten GM trade

The Cartagena Protocol governing the trade in genetically modified (GM) foods will come into force in September after the Pacific nation of Palau became the 50th member country to sign the Protocol on Bio-safety, setting off a 90-day countdown until the treaty comes into force. The agreement requires countries exporting GM foods to provide detailed information, including descriptions of the organism involved, to recipient countries in advance of any shipment. Importing countries may then reject the import, even without scientific proof, if it fears it poses a danger to its traditional crops, and local culture. Many European and African countries have ratified the Protocol, although Australia and the United States have so far refused to sign.

In a related story French President Chirac said the GMO's remained a sensitive issue in the European Union and they were not ready to accept them despite the United States move to challenge the EU's current moratorium on GM foods in the World Trade Organisation.

OGTR puts another "stop clock" on GM canola

On 13 June, the Office of the Gene Technology Regulator (OGTR) announced the "clock" had been stopped on the Bayer application for commercial release of the herbicide resistant GM canola. OGTR said the stop will allow for a thorough examination of relevant procedural issues and is expected to continue for approximately one month. A "stop" clock also remains on Monsanto for their application to release Roundup Ready Canola with the OGTR awaiting further advice on herbicide use.