



Australian Oilseeds News

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Canola 2003/04

Forecasts have increased significantly for WA, while Victoria and South Australia hold firm. Some areas of heat and frost stress have seen estimates for NSW fall.

The dry month of September took its toll on crops in the Central West and North West of **NSW**. There is an area south west of Forbes where crops are actually under-performing the 2002 drought year due to moisture stress. Some crops are being cut for hay across parts of the Central West where grain prospects are poor due to heat stress, which preceded major frost damage on 28 and 30 September. In the South prospects remain good, particularly in the area between Cowra, Albury and Lockhart. However, two more good rainfalls will be required in October to secure the crop. There has been some spraying for sclerotinia around Cootamundra. NSW Agriculture will be releasing its latest crop survey on 24 October which will confirm forecasts, however, in the meantime with the dry in the north and the west, as well as frosts in the Central West, forecasts for area have been revised down by 4,000 ha and yield by 0.1t/ha. Windrowing has started in the north of the State.

Victoria had a similar month to NSW in September with Horsham's rainfall in the 2nd decile of historical data being indicative. There has also been some hot weather in the north with 37 degrees recorded in Mildura. Frost followed this dry in some areas during flowering resulting in some seed mortality. However, now with good moisture profiles following early October rains and the continuation of flowering, most stressed crops are expected to recover. There have been some minor reports of native bud worm infestation. With the Wimmera now in the 6th rainfall decile and relative small areas of the Mallee affected by heat and frost, Victoria's forecasts are holding firm and the State is one good rainfall away from a secured crop.

The crop in **South Australia** is generally looking good. The State hasn't experienced hot weather or frosts and consequently forecasts are holding firm from last month. However, the Eyre Peninsula has experienced a breakdown in Brassica Sylvestris resistance to black leg fungus. The impact of this has been catastrophic in some situations with yield losses of up to 80 percent. The GRDC is funding a survey of the problem.

The crop situation in **Western Australia** continues to improve with a greater percentage of farmers favouring canola and good rains in August and September. Consequently, area forecast is up 30,000 ha and yield 0.1t/ha. There have been some reports of minor frosts in the eastern wheat belt. Swathing has started in the north and first deliveries are expected within the week.

State	2002/03	2003//04 Planting Intentions	
	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	100,000	196,000	274,000
Victoria	180,000	230,000	345,000
SA	180,000	180,000	270,000
WA	330,000	400,000	520,000
Total	790,000	1,006,000	1,409,400

Source: Canola Association of Australia, 10/10/03

Market Comment

As was largely anticipated the USDA lowered their soybean production estimates last week as the impact of the earlier hot dry conditions has been greater than expected on soybean yields. The USDA dropped their production forecast by 7 per cent to 2.469 billion bushels (68 million tonnes) compared to an average market estimate of 2.55 billion bushels, which is well lower than the 2002 crop of 2.749 billion bushels. Soybean futures jumped by 20 cents/bushel after the report which makes for a gain of 24 per cent since the beginning of September.

Canola markets are also benefiting from the tightness in the soybean complex with nearby Winnipeg canola futures up by C\$7.5 tonnes after the report - an increase of 6 per cent since the start of September. Canadian canola harvest is now mostly complete and is on track to meet production forecasts of nearly 6.6 million tonnes for an exportable surplus of 3.25 million tonnes, well up on last year's drought effected crop of 4.3 million tonnes.

In other news, the USDA also increased their estimate for the Brazilian soybean production by 4 million tonnes to 60 million tonnes offsetting the decrease in US oilseed production.

World canola exports are expected to benefit as US soybeans begin to be rationed leading to greater exports in alternative oilseeds such as canola.

Australian canola values are edging up with the tighter oilseed complex with nearby cash bids up to \$410 delivered port and further gains likely after the impact of higher futures filters through.

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Industry News

Allan McCallum reelected as AOF President

Allan McCallum was reelected as AOF President at the AOF AGM last month. In presenting his annual report to the AOF, Allan noted that the Australian industry was looking forward to brighter prospects following last year's drought.

Allan's report highlighted a number of issues that AOF should progress in the coming year including:

- International recognition of Australian oilseeds through forums such as IASC and an expanded Japan/Australia network that takes in China and the subcontinent.
- Establishment of the Canola Reference Group to oversee the stewardship protocols for coexistence of GM and non GM canola
- Preparatory planning for our next five year plan that is due for implementation, years 2005 to 2010

AOF said farewell to two long serving AOF Executive in Bob Watters and Bob Colton. Jon Slee was welcomed as the new Vice President.

OGTR releases the Risk Management Plan for Monsanto's GM canola

The Federal Government's Office of the Gene Technology Regulator (OGTR) has released the Risk Assessment and Risk Management Plan for Roundup Ready canola.

The OGTR has found that Roundup Ready canola is as safe as conventional canola for human health, safety and the environment reflecting similar views that preceded the approval for commercial release of the Bayer CropScience GM canola.

Roundup Ready® canola has been modified to be tolerant to the herbicide glyphosate, which can then be used to control weeds while the crop is being grown. Monsanto's Roundup Ready ® canola has been previously trialled under limited and controlled conditions in Australia over a number of years. The oil from Roundup Ready ® canola (which has DNA and protein removed during processing) has previously been assessed and approved for human consumption by Food Standards Australia New Zealand (FSANZ).

The OGTR's decision is open for an eight-week public consultation period after which information received is considered and a license for Roundup Ready canola may be granted. The comment period closes on 28 November.

GM crops increase share in the US

A recent survey by USDA has found that US farmers have continued to widely adopt GM crops widely since their introduction in 1996, despite the uncertainty about consumer acceptance and economic and environmental impacts. GM soybeans and cotton with herbicide-tolerant traits have been the most widely adopted GM crops in the US, followed by insect-resistant cotton and corn.

Herbicide-tolerant (HT) soybeans have increased the area planted from 17% of US soybean acreage in 1997 to 81% in 2003. Plantings of HT cotton expanded from 10% of acreage in 1997 to 59% in 2003. The adoption of HT corn has been much slower, reaching 15% of US corn acreage in 2003.

Insect-resistant crops were introduced in 1996 and plantings of Bt corn grew from 8% of US corn acreage in 1997 to 26% in 1999, but then fell to 19% in 2000 and 2001, before climbing to 29% in 2003. Plantings of Bt cotton expanded more rapidly, from 15% of US cotton acreage in 1997 to 37% in 2001, but has now levelled off as US farmers planted 41% in 2003.

Stacked cotton (which have both HT and Bt traits) reached 27% of cotton plantings in 2003. Plantings of stacked corn are much lower, making up only 4% of corn acres in 2003. Adoption of all GE cotton, taking into account the acreage with either or both HT and Bt traits, reached 73% in 2003, versus 81% for soybeans. In contrast, adoption of all biotech corn was 40%.

Source: USDA

Brazil 02/03 soy crop estimate edges up

Brazil's Association of Vegetable Oils Industries (Abiove) has raised its forecast of the 2002/03 soy crop to 51.2 million tonnes from a July forecast of 51 million. Abiove also raised Brazil's expected soy exports to 21.5 million tonnes and soybean imports to 1 million tonnes.

In other news from Brazil, the world's second largest producer of soybeans has been given the approval to plant GM seeds this season after a ban on transgenic crops was lifted.

The approval comes in the form of a temporary decree legalising the sale of GM which will precede legislation. The extension was given just in time for the October planting. Industry analysts suggest that upwards of 30% of Brazil's soy crop is grown from smuggled GM seeds.

Brazil's soy exports are expected to exceed \$8 billion this year, up 34% on 2002. EU has emerged as a major market for Brazil's soybean industry in recent years, and Europe is expected to continue to seek to source non GM beans. European Union legislation states that food produce that contains more than 0.9 percent of transgenic material must be labelled.

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