# Australian Oilseeds News

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Soybeans 2001/02

Soybean estimates have been revised upwards slightly due to better yield expectations in the Riverina region. Queensland estimates are down slightly due to losses to white fly in parts of Central Queensland and continuing dry conditions. The crops on the north coast of NSW will require more rain to achieve estimated yields, but there has been little insect pressure to date. It is expected that around 2000 tonnes of organic beans will be produced from this region. There is no change to estimates in other parts of NSW. Yields have been revised downwards slightly in Victoria.

State	2000/01	2000/01F	
	Prod'n (tonnes)	Est. Area (hectares)	Est. Prod'n (tonnes)
Queensland	12,460	9,400	18,830
New South Wales	44,155	23,556	52,196
Victoria	1,800	800	1,840
Total	58,415	33,756	72,866

Source: Industry Estimates, 14/3/02

Upcoming soybean events:

- **Soybean Field Day 26 March Grafton**. Contact Ray Porter on 02 6667 5199
- Soybean Conference 11 & 12 September Brisbane – focus on culinary industry

Sunflowers 2001/02

After the sunflower industry had looked towards brighter prospects last month, continued hot dry weather has dashed these hopes. Area in Central Queensland is now likely to be less than 15,000 hectares compared to the potential 48,500 we were forecasting last month if rain had been received. In NSW, rain is badly needed to secure yields, in particular, on the Liverpool Plains. Overall production has been reduce by over 40%.

State	2000/01	2001/02F	
	Prod'n (tonnes)	Est. Area (hectares)	Est. Prod'n (tonnes)
Queensland			
-monounsaturates	20,200	10,695	12,725
-polyunsaturates	22,900	20,800	21,000
New South Wales			
-monounsaturates	8,340	21,000	19,500
-polyunsaturates	12,320	14,600	15,410
Total	63,760	67,095	68,635

Source: Industry Estimates, 16/3/02

Canola 2002/03 Intentions

NSW – The northern areas are expected to see significant increase due to very good yields (some crops at 2.5 t/ha, averaging around 2t) and oil contents (42-44%) achieved in the 2001/02 season. The central area is expected to remain around this year's levels, with some increase in the central west following good yields last season. There is expected to be some swing away from canola in the southern areas where crops this season were adversely impacted by frost and disease which reduced yields. Area south of Wagga is expected to remain around the same. Overall for the state, it is expected that a similar area to last year will be planted.

VIC – Whilst growers experienced a reasonably good season across the board, with yields in the south west better than expected, returns from canola have not been as good as from other crops and thus, plantings are expected to remain around last season's levels.

SA – Similarly whilst South Australia experienced one of its best seasons ever this year, growers do not perceive that canola has performed as well as other crops and thus, only a small increase in area planted is expected. An early break would see some upside in the Mallee.

WA – Despite the mixed year in WA, which finished better than expected, there is not expected to be much change in canola plantings. There will be some swing away in the north but this is a smaller production area and some increase in the south.

Overall, it is expected that plantings for coming season will be similar to last season with some upside if there is a good early break and prices are at levels around $390-400.

	2001/02 Final Estimates		2002/03 Planting Intentions	
	Area Planted (Hectares)	Production (Tonnes)	Area Planted (Hectares)	Production (Tonnes)
NSW	400,000	600,000	400,000	640,000
Victoria	240,000	372,000	250,000	375,000
SA	130,000	214,500	140,000	203,000
WA	360,000	421,200	400,000	400,000
Total	1,130,000	1,607,700	1,190,000	1,618,000

Source: Canola Association of AUstralia, 14/3/02

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Market Comment (as at 14 Mar)

The entry of China into the canola market is likely to be a longer-term effect. For now, Canadian and Australian values for both seed and oil remain overpriced and finding it difficult to compete with the values offered out of Europe. Canola oil is still overpriced in comparison to soy oil. There is some optimism on new crop canola prices as these are being edged higher as traders follow the Winnipeg futures market. The Winnipeg market is being driven by the Canadian crop outlook, has a big question mark hanging over it at the moment due to a continuation of the dry conditions, although there has been some minor relief to these.

There has been little movement in soybean prices from the crushing market and this is expected to remain stable. South America is expected to have a record crop and this follows a big US crop. There is very strong demand for edible beans from both domestic and export markets. Prices in the Riverina have been around $470-500/tonne. Export demand is strengthening on the back of dry conditions in Canada who has been the main supplier of non GM soybeans to Japan.

With the launch of our new website, AOF Oilseed News and AOF Oilseed Outlook have now been combined. Fax subscribers will only receive the one page Outlook, whilst email subscribers will be able to download the full document. Any fax subscribers who would like to receive the full document by email, please send your email address to aof@optusnet.com.au

Industry News

Australia's oils and fats imports look set to be bigger in 2001/02

Analysis of imports for the six months to Dec 01 indicate that our imports of oils and fats maybe higher in 2001/02. This is being led by soybean meal imports which have increased substantially from a low of 85,000 tonnes in 1999/00 to almost 200,000 tonnes last year. This is due to reduced domestic crushing of soybeans and cottonseed. Sunflower oil imports are also up due to reduced domestic production and palm oil and olive imports continue to be strong.

Australian Oils & Fats Imports (tonnes)

	2001/02 (six month)	2000/01	1999/00	1998/99
Olive oil	N/a	27,100	22,820	15,020
Palm oil	60,303	108,056	116,846	102,200
Sunflower oil	7,229	11,587	5,283	9,000
Soybean meal	121,811	186,073	84,704	106,600

Indian oilseed industry urges Government to encourage local production

India's leading edible oil industry body has urged the government to provide extra incentives to farmers to boost oilseed output and cut the country's dependence on imported oils. India, the world's largest consumer of edible oils, meets over 40% of its demand through imports from mainly Malaysia, Indonesia and South America. During the 2000/01 (November-October), the country's oilseed output fell to its lowest level in over decade to 18.4 million tonnes due to a severe drought in the key producing western and central regions. Imports during this period touched 4.83 mmt. The situation has improved in the current oil year and the seed output is estimated around 20 mmt. Efforts are being made to increase yields, which are very low compared to world standards. India produces around 850 to 900 kg of oilseeds per hectare only one third of top world standards.

Sunflowers – the new snack?

The National Sunflower Association recently attended at the international Snack Food Association exhibition in Chicago and found that sunflower oil and seeds were sought after products by the snack food industry. NSA reports that NuSun is now a 'household' word among potato chip/tortilla chip producers and usage is growing. Snack food manufacturers were positive about the performance and taste of NuSun, although there are concerns about price and availability.

In addition, kernel and in-shell sunflower generated interest. Kernel is considered a 'healthy' addition to snack bars and breads, with increasing demand evident. The category of sunflower and pumpkin seed showed the second highest increase in growth according to the 2000 annual 'State of the Industry' survey conducted by the Snack Food Association.

Bio-Diesel gets a boost in the US

Bio-diesel from soybeans, first entered the US market a decade ago and now looks set to make its mark as the 'fuel of choice' amongst US Midwest farmers. Industry sources have estimated that the use of biodiesel will rise by more than 100%. Biodiesel is claimed to offer similar fuel economy, horsepower and torque to petroleum diesel.

The projected increase in soybean-derived biodiesel use is good news for US soybean farmers who harvested a record crop last year and look set to produce another large crop. Soy stocks in the US are high and bio-diesel offers an avenue for profitable use of those stocks.

Legislation has been introduced in most Midwest states to encourage the use of bio-diesel. In February, the US Senate Finance Committee said it would include a bio-diesel tax provision in the federal energy tax bill that would provide a 1-cent per gallon reduction in the diesel excise tax for every percentage level of bio-diesel included in blends, up to 20 percent.

Canadian company produces a new canola protein isolate for the pet food industry

Canadian firm - Burcon NutraScience Corporation – has submitted an application for a US patent on the use of canola protein isolate as a pet food and animal feed ingredient. The pet food market in the US and western Europe is valued in excess of US$21bn, and is growing by more than US$1bn annually. Pet foods contain a variety of components, with protein ingredients typically accounting for about 25%-30% of the product. The Burcon canola protein isolate has shown to be highly digestible, with a Protein Efficiency Ratio (PER) exceeding that of soy and other plant proteins.

Global sunflower complex remains tight

Improved sunflower production in Argentina and South Africa is not expected to bring much relief to the tight sunflower supply, with world stocks at unusually low levels. Oil World predicts Argentine sun oil exports to fall to 0.94 Mn T in 2002, down 9% from last year and the lowest volume in more than six years. The shortage of sun seed has seen Europe sharply reduce its crushings and this is expected to continue with old crop stocks in Central Europe, Russia and the Ukraine depleted and poor new crop outlook.

Linola continues to perform in Canada

Despite its limited success in Australia, Linola continues to find favour with Canadian farmers and this year looks set to offer better returns than flax or canola. This has been driven by steady demand from the European market. Linola is part of Agricore United's identity-preserved (IP) program. Grown under production contracts, an IP variety is segregated from seed to end-use to maintain strict quality control.

Healthy cooking oil sales boom in Japan

The recent growth in sales of healthy cooking oil reflects widespread concern among modern Japanese about diseases, such as high blood cholesterol. Sales of cooking oils in total are predicted to level off in fiscal 2001, whilst sales of healthy cooking oils are predicted to increase by 50% from the previous year. Such sales have surged almost fourfold since fiscal 1999. The first cooking oil brand to receive the Government's healthy stamp of approval was Kao Corp.'s Kenko Econa Cooking Oil, which was first marketed in 1999. The main ingredient is diacyl glycerol, a kind of natural plant oil that easily dissolves in the body and is claimed to produce about half as much cholesterol in blood than conventional cooking oil. Kao released the latest version of Econa oil in March 2001. The new product, which includes sterol from plants, can lower blood cholesterol, Kao said. All cooking oil manufacturers are preparing to market new healthier products because such products sell very well despite higher prices than conventional products.