

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

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Oilseeds and Products

Grain and Feed

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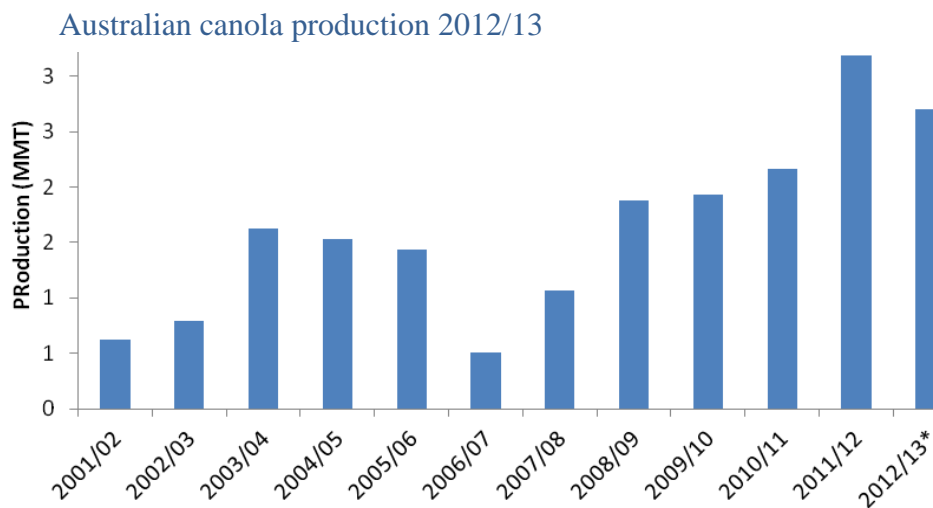
Report Highlights:

Australia's canola production in the local marketing year (MY) 2012/13 (December/November) is forecast at 2.7 million metric tons (MMT), down about 16 percent from last year's record production level of an estimated 3.2 MMT, but still higher than the previous record of 2.2 MMT harvested in 2010/11. Exports of canola in 2012/13 are forecast at 2.0 MMT, down slightly from the record 2.1 MMT exported in 2011/12. Although first approved for planting in 2008, Australian growers have been slow to switch to genetically modified canola, which today accounts for only about 10% of the crop.

Production

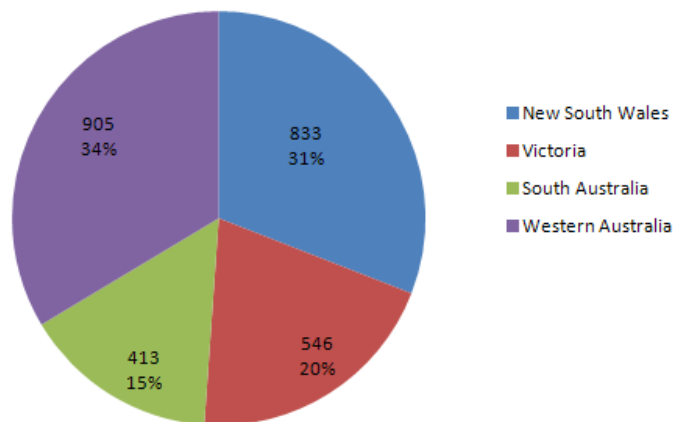
Back-to-back record wheat crops, coupled with lower prices received by farmers' at the time of last year's rain affected wheat harvest, encouraged growers to shift area into canola. Total area planted to canola reached a record 2.37 million hectares in 2012/13, 23 percent higher than the previous year. However, in response to less favorable seasonal conditions, average yield in 2012/13 is estimated at only 1.2 MT/ha, significantly lower than last year's record yield of 1.75 MT/ha (and well below the 5-year average of 1.5 MT/ha).

Total production of canola seed in 2012/13 is projected to be the second largest on record and is forecast at 2.7 MMT. This is down (500 TMT) from last year's record production of 3.2 MMT.



Source: Australian Oilseeds Federation

Australian canola production 2012/13 by state
(thousand metric tons)



Source: Australian Oilseeds Federation

Exports

Australian exports of canola seed in 2012/13 are forecast at 2.0 MMT, down slightly from last year's record exports of an estimated 2.1 MMT. Despite being a relatively small producer of canola (accounting for about 4.5% of global production), Australia is the world's second largest exporter of canola, accounting for 17% of world trade in 2011/12.

Major export destinations for Australian canola include the European Union and Pakistan. In 2011 over 1.5 million tons of Australian canola was exported to the EU (88% of total exports). Year to date exports for 2012 are again focused on the EU (60%) followed by Pakistan with 350,000 tons (16%).

The changes in export destination are driven by price, and the increase in exports to countries within the European Union is driven by lower domestic production in those years.

Production, Supply and Demand Statistics

Oilseed, Rapeseed Australia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Dec 2010		Market Year Begin: Dec 2011		Market Year Begin: Dec 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,080	2,080	1,730	1,730	2,210	2,370
Area Harvested	2,078	2,078	1,730	1,730	2,206	2,370
Beginning Stocks	428	428	443	350	354	645
Production	2,359	2,200	2,815	3,200	2,761	2,700
MY Imports	1	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,788	2,629	3,258	3,550	3,115	3,345
MY Exports	1,615	1,549	2,125	2,125	2,070	2,000
MY Exp. to EU	0	0	0	0	0	0
Crush	700	700	750	750	680	750
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	30	30	29	30	30	30
Total Dom. Cons.	730	730	779	780	710	780
Ending Stocks	443	350	354	645	335	565
Total Distribution	2,788	2,629	3,258	3,550	3,115	3,345
1000 HA, 1000 MT						

Crushing capacity

Currently, approximately 750,000 tons of Australian canola seed is crushed domestically. Over the last five years crushing capacity for all oilseeds has increased and is now approximately 1.0 MMT per annum. A new plant in Wagga Wagga and a second in Port Kembla are expected to double Australia's oilseed crushing capacity in the near future. The plant at Wagga Wagga has just come on-line and is expected to crush 150,000 tons of canola this year with additional capacity for soybean, sunflower and safflower.

GM Canola

Only 10% of the Australian canola crop is grown from genetically-modified (GM) seed. GM varieties were first grown in 2008 and plantings increased in 2010 when Western Australia withdrew their moratorium on GM seed. However uptake of these varieties has been relatively slow due to the price premium received for non-GM product (particularly from the European Union) and the small number of handling facilities that are registered to receive/store/export GM cotton. Uptake of GM canola has been greatest in the fertile regions of Victoria.