

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Australia

Post: Canberra

Canola Production Forecast to Jump in 2010-11

Report Categories:

Oilseeds and Products

Agriculture in the News

Grain and Feed

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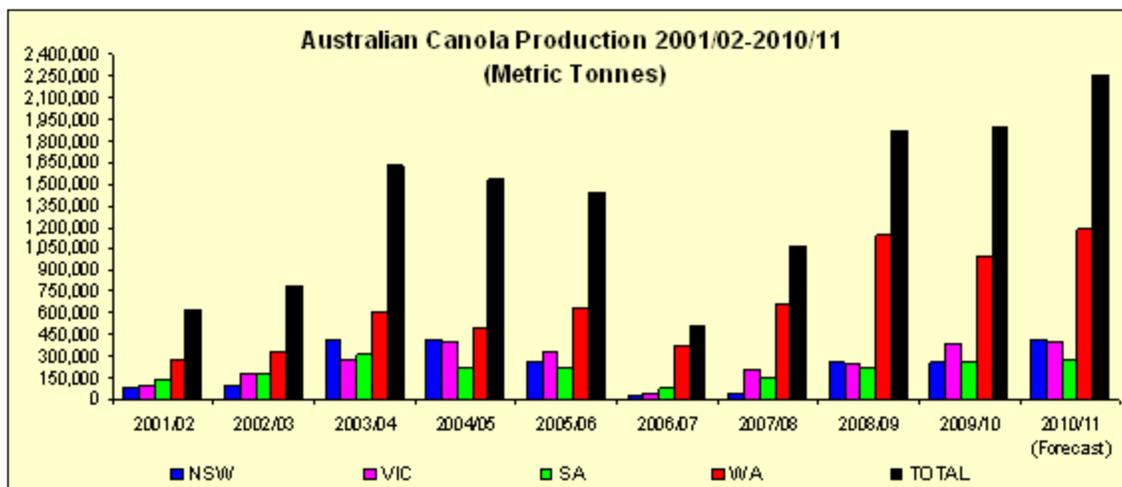
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Report Highlights:

Industry sources report that Australia is likely to have a significantly larger canola crop in marketing year 2010/11 compared to 2009/10 with good potential to have the largest harvest in at least ten years.

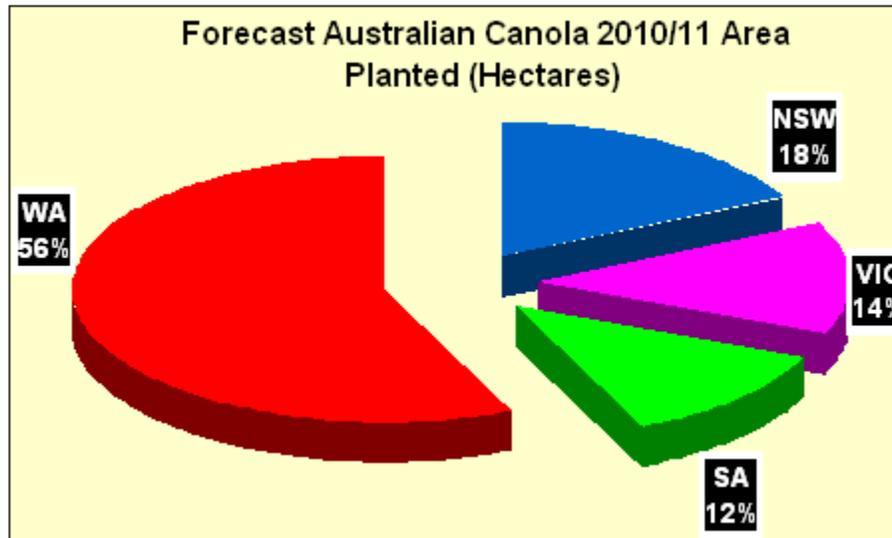
Industry sources report that Australia is likely to have a significantly larger canola crop in marketing year 2010/11 compared to 2009/10 with good potential to have the largest harvest in at least ten years. Timely precipitation, crop rotation needs, and relative crop price relationships account for the larger planted area.



Source: AOF Data

Recently released information by the Australian Oilseeds Federation (AOF) (http://www.australianoilseeds.com/data/assets/pdf_file/0004/6655/AOF_Crop_Report_May_2010.pdf) point to a sharply higher level of production, particularly in Western Australia and New South Wales. The AOF forecast is based on larger planted area and high yields. This is their first forecast for the 2010 crop and is very preliminary. Final production levels can vary greatly from initial forecasts given the highly variable precipitation patterns in Australia. The AOF publishes a new forecast each month.

Two cold fronts in late May brought timely rains that have raised optimism among canola growers in Western Australia where it had been dry and some of the crop had been "dry seeded." Western Australia generally accounts for 50 percent of total Australian canola production. New South Wales, the second largest producing state with roughly 15 percent of production, also benefitted from the same timely rains as was reported in this media report <http://theland.farmonline.com.au/news/state/agribusiness-and-general/general/ready-set-sow-rain-lifts-spirits/1841055.aspx>



Source: AOF Data

Official government forecasts from the Australian Bureau of Agriculture and Resource Economics (ABARE) also point to a large crop in 2010/11, but not as high as that of AOF forecast. ABARE's March forecast did not capture the positive weather increase in cropping area. ABARE will publish new crop forecasts in mid June. Their previous forecast in March was very preliminary and the June forecast is expected to reflect a higher planted area since most of the canola crop has been planted in April and May.

Australia's importance in world canola trade has been growing with Global Trade Atlas data showing that Australia is now the fourth largest exporter of canola. If the larger production forecast holds firm, Australia will be well positioned to increase its canola exports to Pakistan, Japan, and the European Union, traditionally its three largest export markets.

Industry sources also report that there will be a significant increase in the use of genetically modified (GM) canola planting seed this year. Regulatory changes in Western Australia will permit large scale commercial planting this year for the first time. Informed sources place GM canola planted area in WA as high as 55,000 hectares. The same sources say that GM canola planted area totaled approximately 40,000 hectares in New South Wales and Victoria in 2009. As a result, with the additional planted area in WA, planted area for GM canola appears likely to have doubled in 2010.

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at: <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Title of Report	Date
Soybean Meal Imports Down – U.S. Share Up	05/21/10
Australia 2010 Vintage Wine Harvest Update	05/20/10