Factsheet Rapeseed 2008

Product Board for Margarine, Fats and Oils

Visiting address:	**Ampèrelaan 4d** **2289 CD Rijswijk** **Tel.: 070-319 51 95** **Fax: 070-319 51 96**
Postal address:	**Postbus 3095** **2280 GB Rijswijk** **The Netherlands**
Internet address	**www.mvo.nl**

You can contact Mr. Arnold de Groot for questions and comments.
Tel.: +31 (0)70-319 5113
E-mail: groot@mvo.nl

INDEX

Introduction

The aim of this Factsheet Rapeseed is to show the most striking developments in the global production, trade and consumption of rapeseed and rapeseed oil with a special focus on the EU-27.

Summary

The world production of rapeseed is expected to grow by more than 13% in 2008 to 54.4 million tons after a stagnation in the last two years. With 18.2 million tons the EU-27 was by far the largest producer in 2007 (+13%) and production is still growing. Germany and France are the main cultivators of rapeseed in the EU. Upcoming producers are the Ukraine and Russia Total area of GM rapeseed has more than doubled to 5.5 million hectares in the period 2001-2007, almost 20% of rapeseed acreage worldwide. Japan is the most important importer and Canada by far the largest exporter of (mainly GM) rapeseed. The Ukraine follows Canada at modest distance but showed a spectacular export development in the last few years. The EU is the largest consumer of rapeseed oil and had a share of 36% in world production of rapeseed oil in 2006/2007. In the last few years the EU consumption increased continually especially because of extra demand of the biodiesel industry. EU biodiesel demand for rapeseed oil is flattening. It's estimated that in 2007/2008 62% of EU rapeseed oil consumption is intended for biodiesel. Total rapeseed oil consumption for the food sector in the EU is around 2.9 million tons in 2007/2008 which means a return to the level of 2001/2002. The Netherlands is with a harvest of 11,800 tons in 2007 a very small producer of rapeseed. The Dutch crushing of rapeseed increased from 25,000 ton in 2005 to almost 522,000 tons in 2007. This is 3.1% of total EU rapeseed crushing production.

1. Rapeseed

1.1 Production

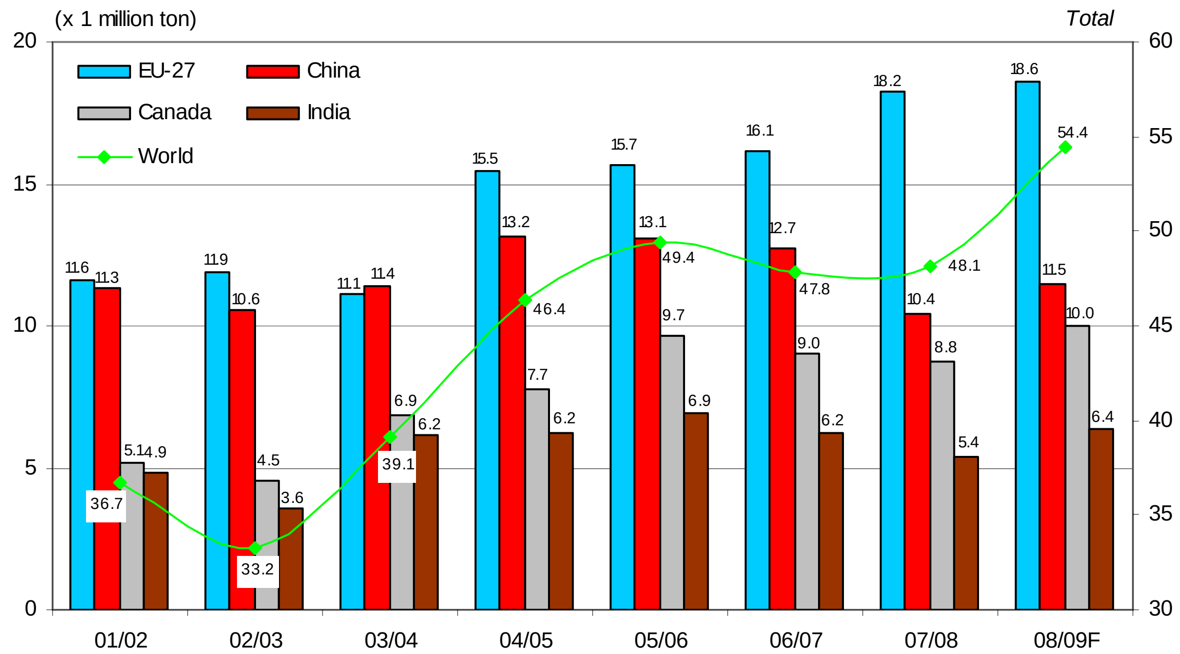
The world production of rapeseed is expected to grow by more than 13% in 2008 after a stagnation in the last two years (figure 1.1A). The extra supply will mainly come from the Ukraine (+1.6 million tons) and by recovery of the rapeseed production in Canada (+1.3 million tons), China (+1.1 million tons), India (+1 million tons) and Australia (+0.5 million tons). These production increases would mainly be the result of rapeseed area expansion in these countries (figure 1.2). The expectation is that EU-27 production will increase by only 2% in 2008 (figure 1.1).

This stagnation in the last two years was mainly the result of the production drops in China, India and Canada. To the contrary, the EU-27 production of this oilseed increased significantly, especially in 2007 (+13.1%). The Ukraine and Russia also played an important role to counterbalance the diminishing output in the earlier mentioned three countries (figure 1.1B). The average yields per hectare in the EU have diminished significantly in the last four years but remained much higher compared to other producing countries (figure 1.2).

The FAPRI (Food and Agriculture Policy Research Institute) forecasts that the world production of rapeseed will increase to 61.7 million tons in 2017/2018 from 48.1 million in 2007/2008. The extra supply of almost 13.5 million tons will mainly come from the EU-27 (+5.8 million tons), Canada (+2.7 million tons) and the CIS (Commonwealth of Independent States) countries (+2.1 million tons), mainly the Ukraine and Russia.

Figure 1.1 World production of rapeseed by region/country, 2001-2008

A. Most important producers



Continuation of Figure 1.1 World production of rapeseed by region/country, 2001-2008

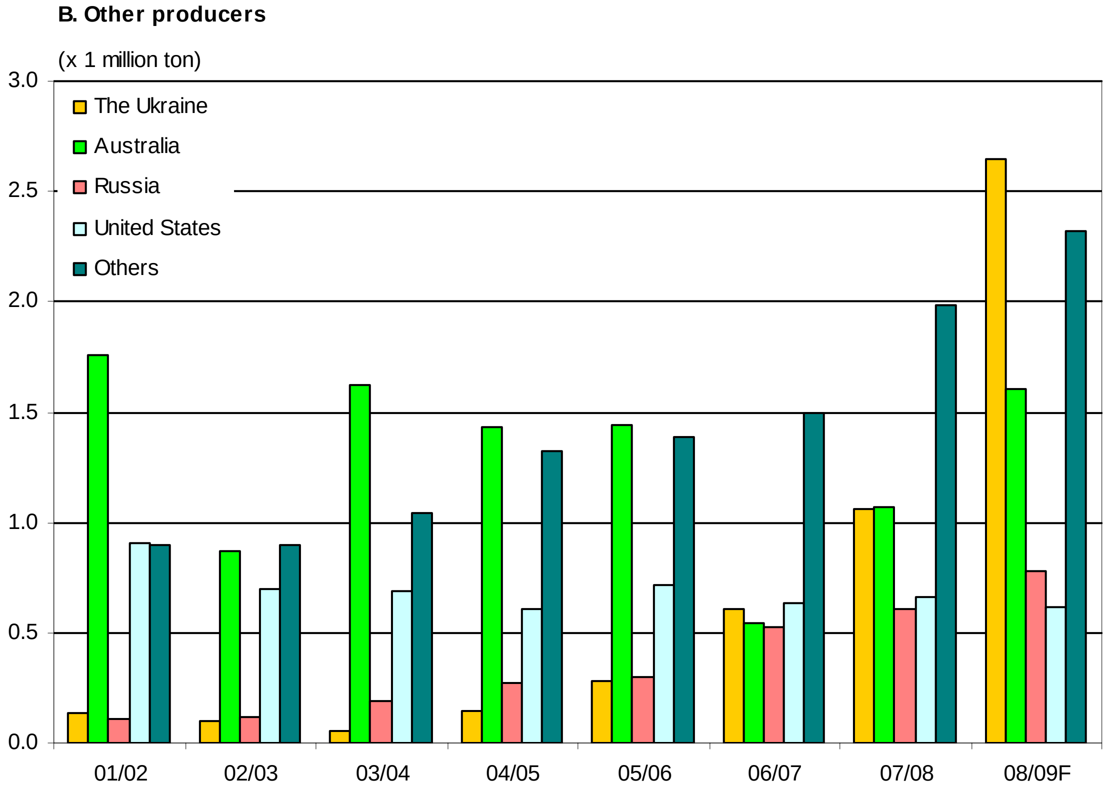
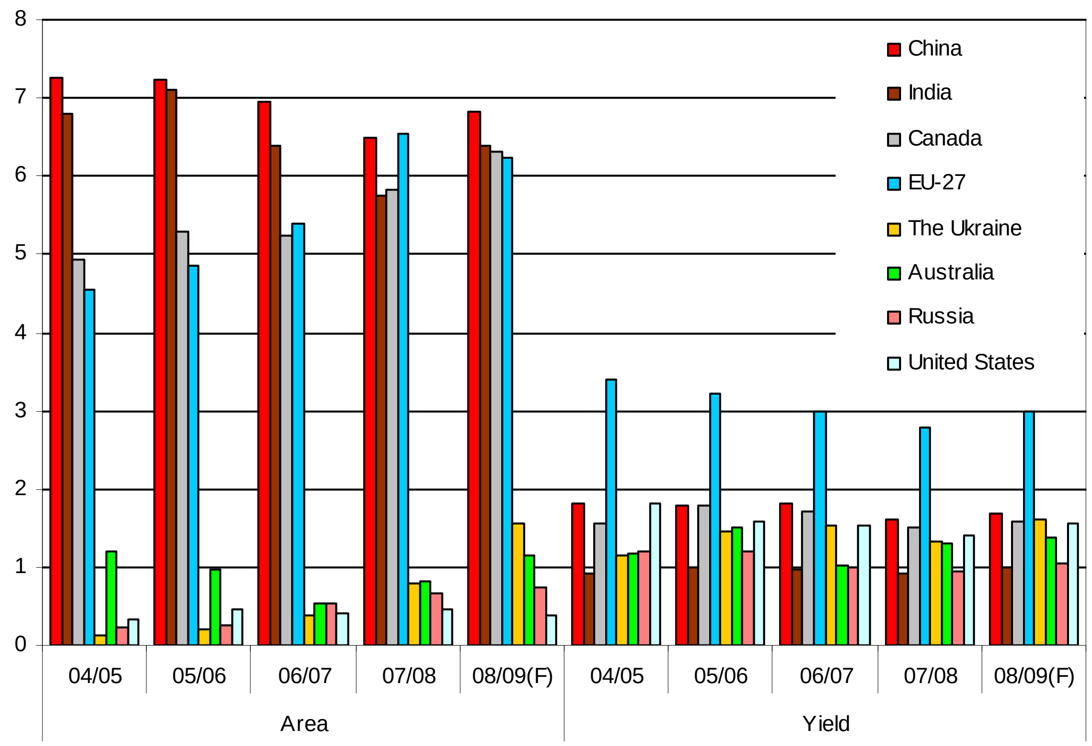


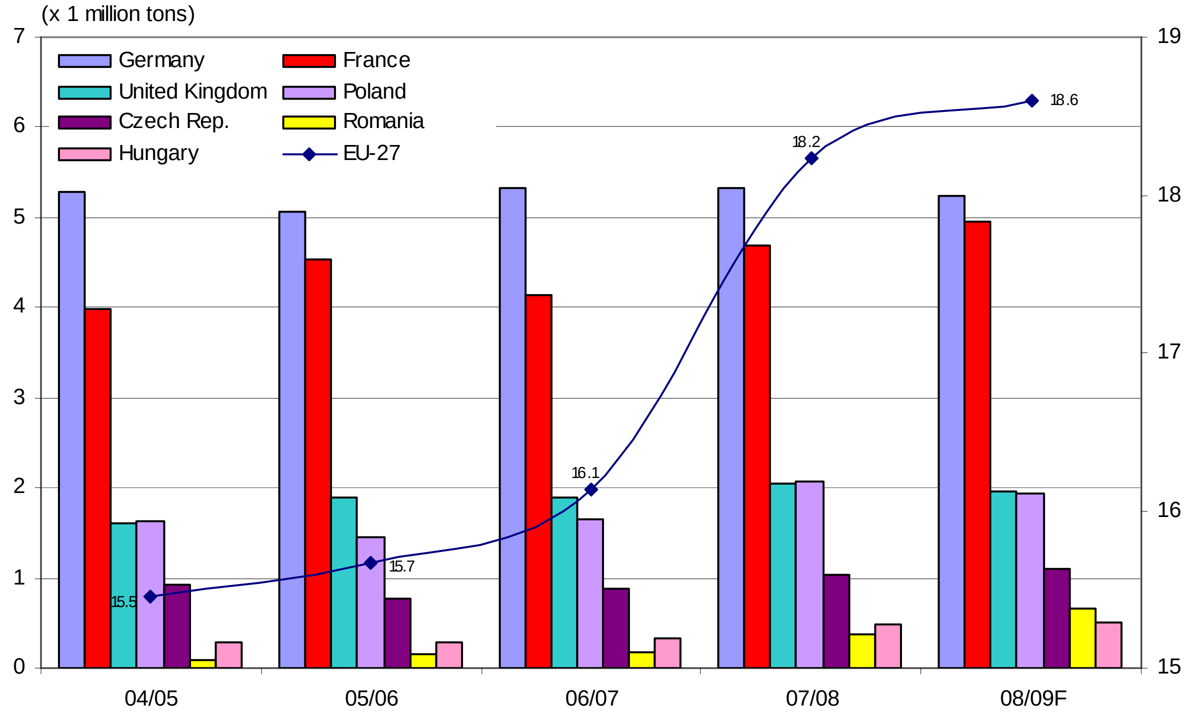
Figure 1.2 Development of rapeseed area (x 1 million hectares) and yield (ton per hectare) by region/country, 2004-2008



Source: ISTA Mielke August 2008

In the EU-27 Germany and France are with areas of respectively 1.5 and 1.6 million hectares the main cultivators of rapeseed. In 2007 the rapeseed production in this community got an enormous boost and the extra supply came mainly from France and the new member states, especially Poland (figure 1.3). The Netherlands was with a yearly harvest of 11,600-11,800 tons in the last two years a very small producer of rapeseed. The Dutch rapeseed area remained stable at 3,400 hectares in this period.

Figure 1.3 Most important EU producers of rapeseed, 2004-2008



Source: ISTA Mielke August 2008

1.2 GM rapeseed

In the period 2001-2007 area plantings of genetically modified (GM) rapeseed have more than doubled to 5.5 million hectares. Canada and the United States of America were with areas of respectively 5.1 million and 0.4 hectares the (main) cultivators of this rapeseed last year (GMO Compass March 2008). This means a share of almost 20% in the acreage of rapeseed worldwide.

Canada

In Canada the cultivation of Monsanto's GT73 and Bayer's Ms8xRf3 rapeseed amounts to almost a hundred percent of the total genetically modified (GM) rapeseed crop in this country. These GM rapeseed lines may be put to the same uses as any other rapeseed in the EU-27, with the exception of cultivation and uses as or in food. In 1999 the use of fully refined rapeseed oil produced from these GM rapeseed lines in food products was already approved by the EU under Regulation (EC) nr. 258/97 (the so-called 'Novel Food Regulation') after it had been notified as "substantially equivalent" to conventional rapeseed oil. For other non-approved GM rapeseed lines (Ms1, Rf1, Rf2, Ms1xRf1, Ms1xRf2 and Topas 19/2) a transitional measure applies which indicates that these discontinued rapeseed traits shall be tolerated in food or feed products until 25 April 2012 provided that this presence in imports, processing, feed and food applications is adventitious or technically unavoidable and its proportion is not higher than 0.9%. Cultivation of these GM rapeseeds in the EU has been forbidden, except for Ms1xRf1 and MS1xRf2 rapeseed.

Another GM rapeseed T45 (Bayer BioScience) that has been commercially withdrawn from the market might still be present in minute traces in the Canadian environment. This adventitious presence makes EU bulk imports of Canadian oilseed practically impossible due to the EU's zero tolerance policy towards GMO's which have not been approved by the EU.

MVO expects that the Commission (EC) will authorize this GM canola trait in December 2008 or January 2009. As soon as the EU authorizes the import and processing of the T45 canola, EU importers and processors are expected to resume the import of Canadian rapeseed. This year the EC considers a low level presence of 0.1%-0.3% for non-approved GMO's as a technical solution. Although the EC does not mention the present problem regarding the adventitious presence of the T45 rapeseed trait in Canadian cargoes, an action limit of 0.3% might also lead to an early resumption of the EU imports of Canadian rapeseed.

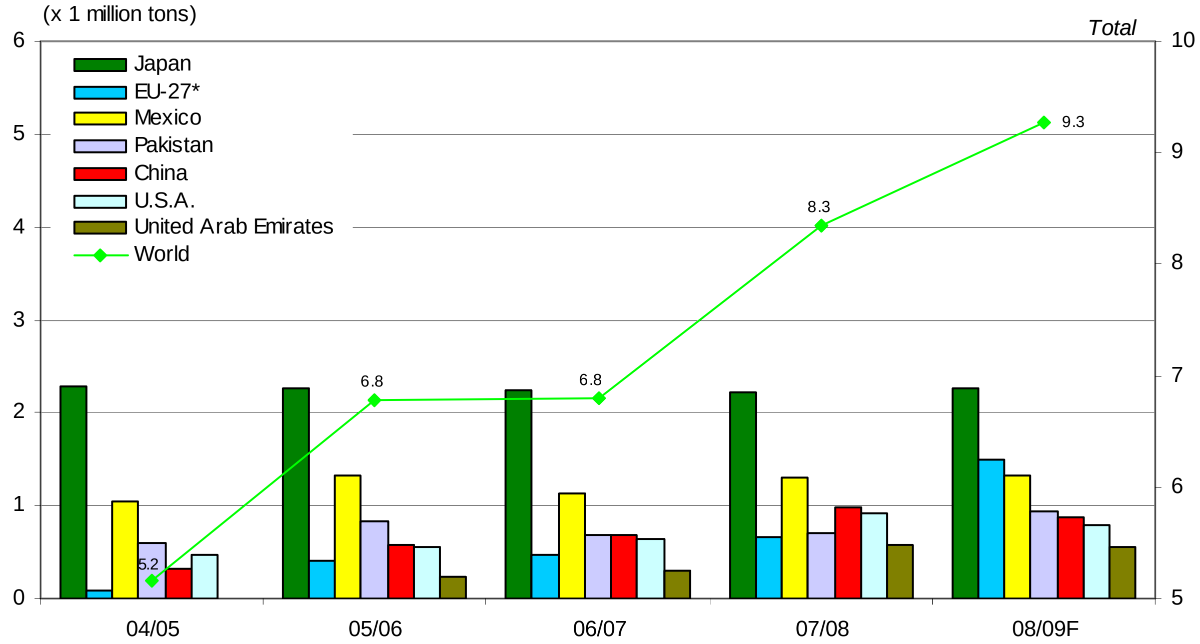
1.3 International trade

By far Japan is the most important importer of rapeseed in the last few years (figure 1.4A). For years the EU-27 is sixth in the total ranking of importers after Japan, Mexico, China, the United States of America and Pakistan.

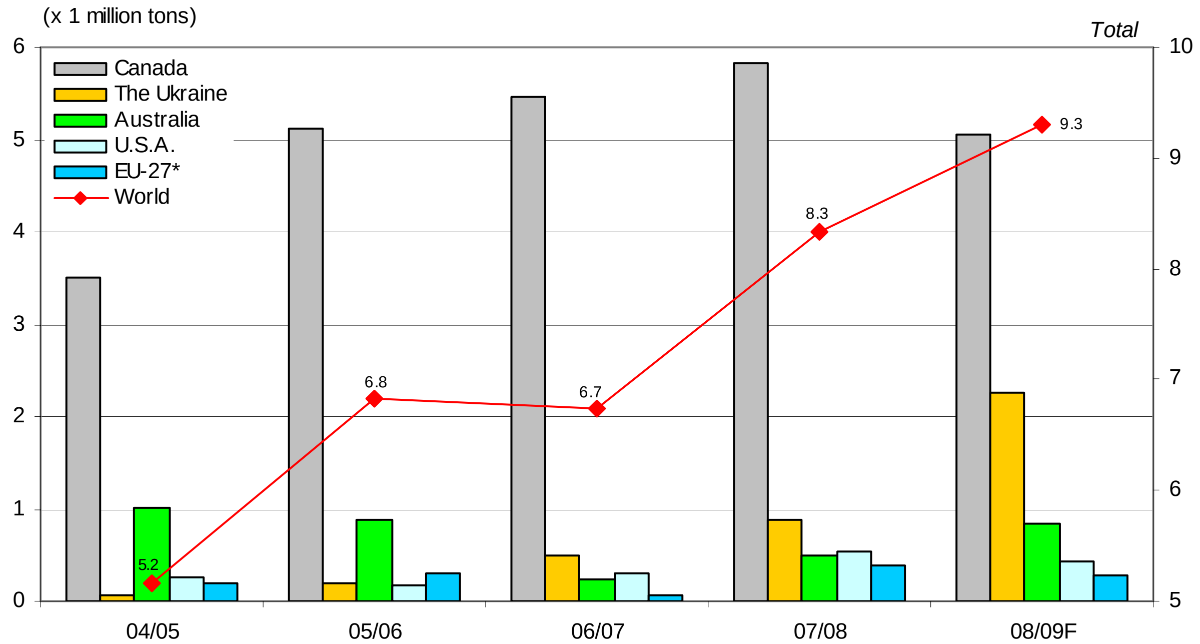
Canada is the main exporter of rapeseed in the world (figure 1.4B) but the Ukraine emerges strongly.

*Figure 1.4 World distribution of international rapeseed trade by region/country, 2001-2009***

A. Import



B. Export



*) Intra-EU trade is excluded **) Seasons from July to June F) Forecast

Source: ISTA Mielke August 2008

1.3.1 EU-27

The EU net import of rapeseed to third countries sharply decreased in 2007 (table 1.1) which can be explained by the boost in the EU production of this product (figure 1.3 on page 4) and the strong growth recession in the biodiesel industry. This is also reflected in the much higher EU export growth of rapeseed (+310,000 tons) than import increase (+185,000 tons) in 2007/2008 (figure 1.4A and B).

The vigorous development of the Ukraine as a producer of rapeseed (figuur 1.1B on page 3) is also represented in the enormous import jump of Ukrainian rapeseed by the EU in 2006 and 2007 (tabel 1.2 below). Russia and Kazakhstan were also significant suppliers in 2007.

Canada is by far the main exporter of (mainly GM) rapeseed in the world but the EU imports from this country are relatively limited (table 1.2) as a result of possible contamination with traits of T45 rapeseed which has not been approved by the EU. The situation may change in the near term if this GM rapeseed is approved by the EU (paragraph 1.2 on page 4).

Table 1.1 Net trade (intra and extra) of rapeseed (x 1,000 tons) by selected EU countries in 2005-2007

Net import				Net export			
Country	**2005**	**2006**	**2007**	**Country**	**2005**	**2006**	**2007**
Germany	1,261.6	1,470.4	1794.2	France	1,344.8	1,697.5	1393.4
Belgium	681.6	678.6	688.6	Poland	146.1	27.4	465.6
The Netherlands*	37.1	130.3	673.3	Hungary	301.8	345.7	365.7
Austria	146.3	186.6	170.3	Romania	111.0	127.0	270.9
Finland	147.7	131.7	131.0	United Kingdom	125.6	61.8	201.8
Denmark	84.1	198.0	64.5	Lithuania	191.9	50.6	190.7
Portugal	0.3	7.9	102.8	Slovakia	59.1	100.7	108.6
Sweden	41.9	38.9	84.5	Latvia	91.9	66.6	88.3
Spain	19.4	64.1	51.3	Bulgaria	16.9	14.6	67.1
Czech Republic		63.6			217.0		430.4
Rest EU-27			44.2		36.8	2.3	
Total EU-27 extra		***537.4***	***128.4***		***161.4***		

Table 1.2 Non-EU suppliers of rapeseed to the EU-27 (x 1,000 tons) in 2005-2007

Country	***2005***	***2006***	***2007***
The Ukraine	22.1	291.0	389.1
Australia	0.1	252.6	0.2
Russia	52.8	51.7	69.9
Kazakhstan	0.0	24.7	25.3
Canada	3.2	3.0	3.4
Croatia	9.6	1.0	1.3
Belorussia	2.8	6.0	0.0
Others	0.3	1.8	7.4
Total EU-27 imports	**91.0**	**631.8**	**496.8**

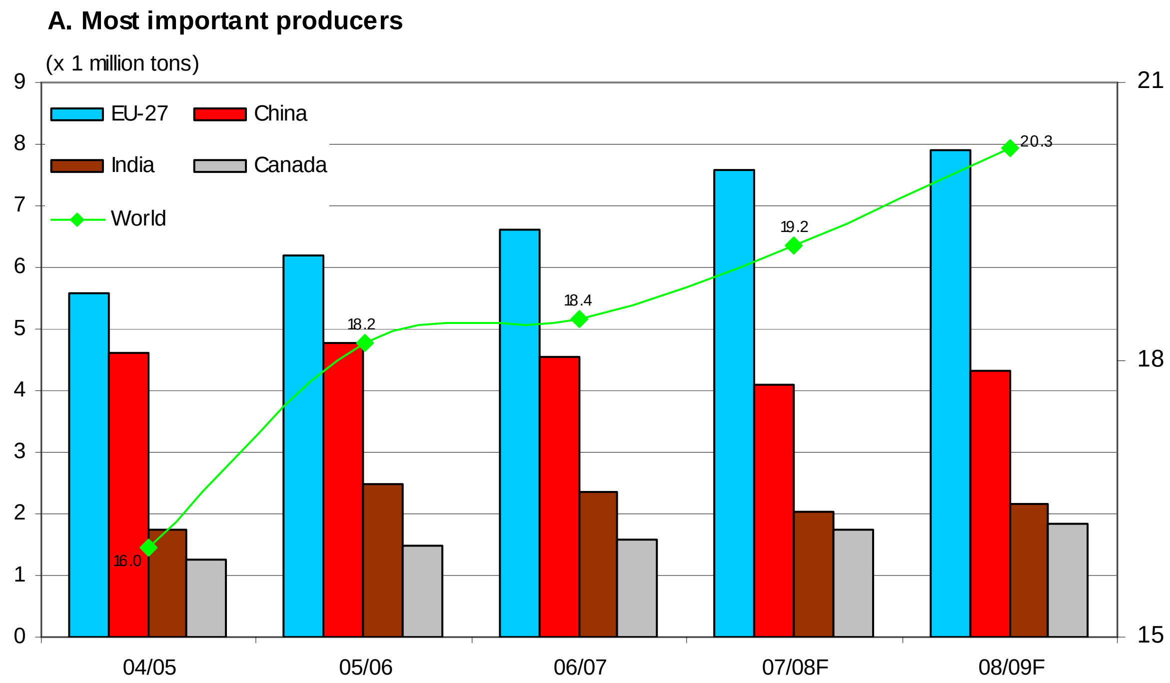
Sources: Eurostat, *Product Board MVO July 2008

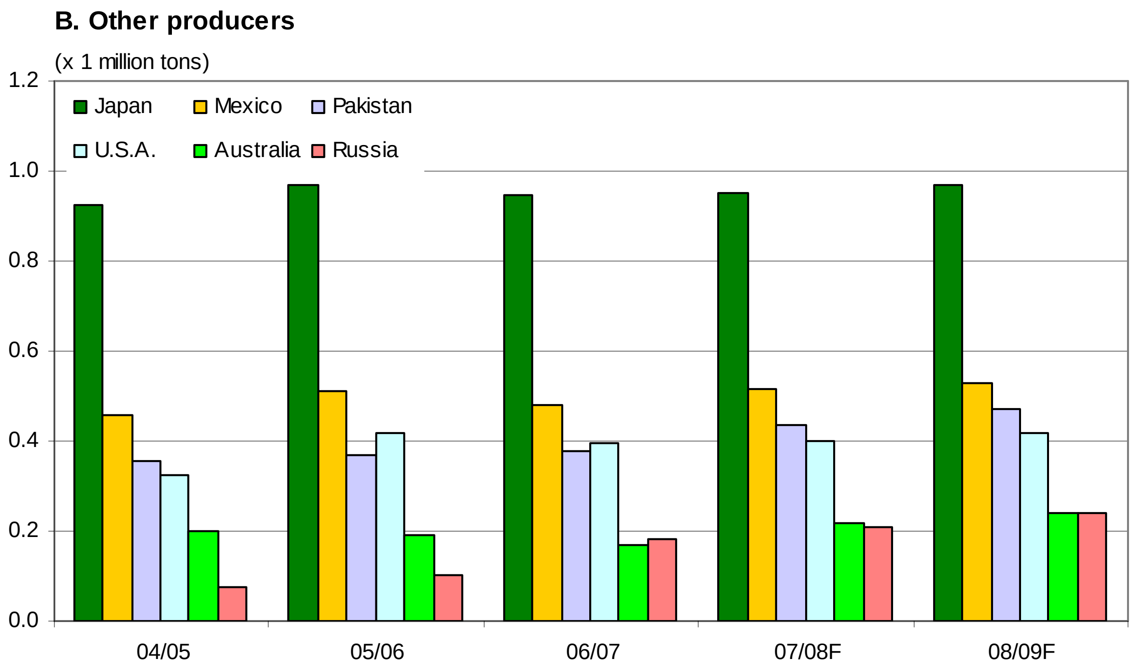
2. Rapeseed oil

2.1 Production

In 2006/2007 (October to September) the EU-27 was with a share of 36% in the world production of rapeseed oil the most important supplier. China (almost 25%), India (nearly 13%) and Canada (almost 9%) followed at a moderate distance (figure 2.1A). The EU clearly improved her position in the world rapeseed oil market compared to her competitors (figure 2.1A and B).

Figure 2.1 World production of rapeseed oil by region/country, 2001-2008



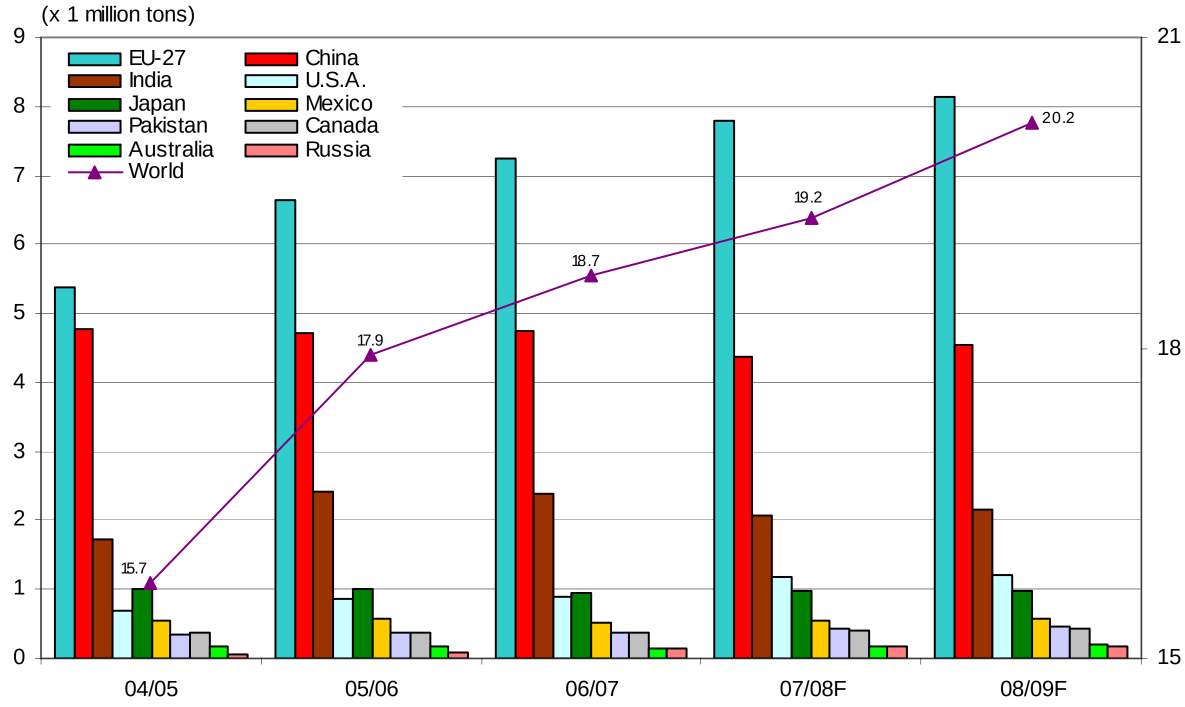


Source: ISTA Mielke August 2008

2.2 Consumption

By far the EU-27 is the most important global user of rapeseed oil (figure 2.2). In the last few years the EU consumption of this oil increased continually especially by the extra demand of a strongly developed biodiesel industry. The growth in this sector is clearly flattening nowadays (table 2.1).

*Figure 2.2 World distribution of international rapeseed oil consumption by region/country, 2001-2009**



*) Seasons from October to September F) Forecast

Table 2.1 EU-27 (estimated) usage of rapeseed oil (in million tons) for biodiesel, 2001-2008

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008F
Total	**4.00**	**4.15**	**4.39**	**5.38**	**6.65**	**7.24**	**7.57**
Food sector	2.88	2.70	2.62	2.67	2.62	2.62	2.90
Non-food :	1.12	1.45	1.77	2.71	4.03	4.62	4.67
Rape methylester	*1.12*	*1.45*	*1.72*	*2.51*	*3.53*	*3.92*	*3.92*
Pure Plant oil	-	-	*0.05*	*0.20*	*0.50*	*0.70*	*0.75*
Percentage biodiesel	**28.0%**	**34.9%**	**40.3%**	**50.4%**	**60.6%**	**63.8%**	**61.7%**

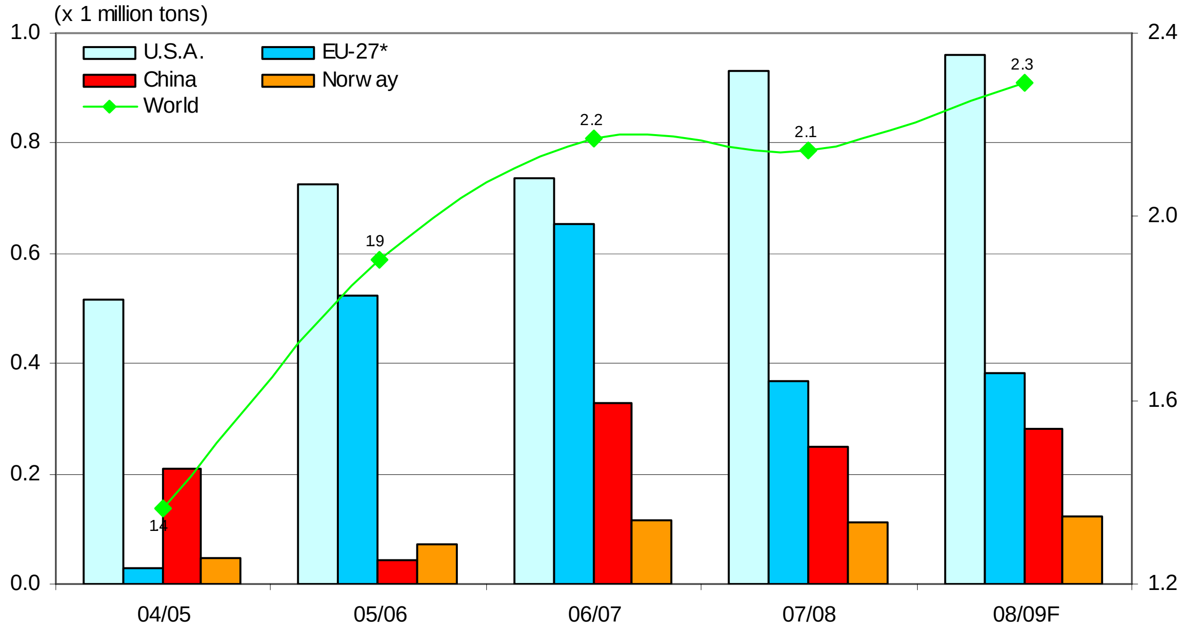
Source: ISTA Mielke August 2008

2.3 International trade

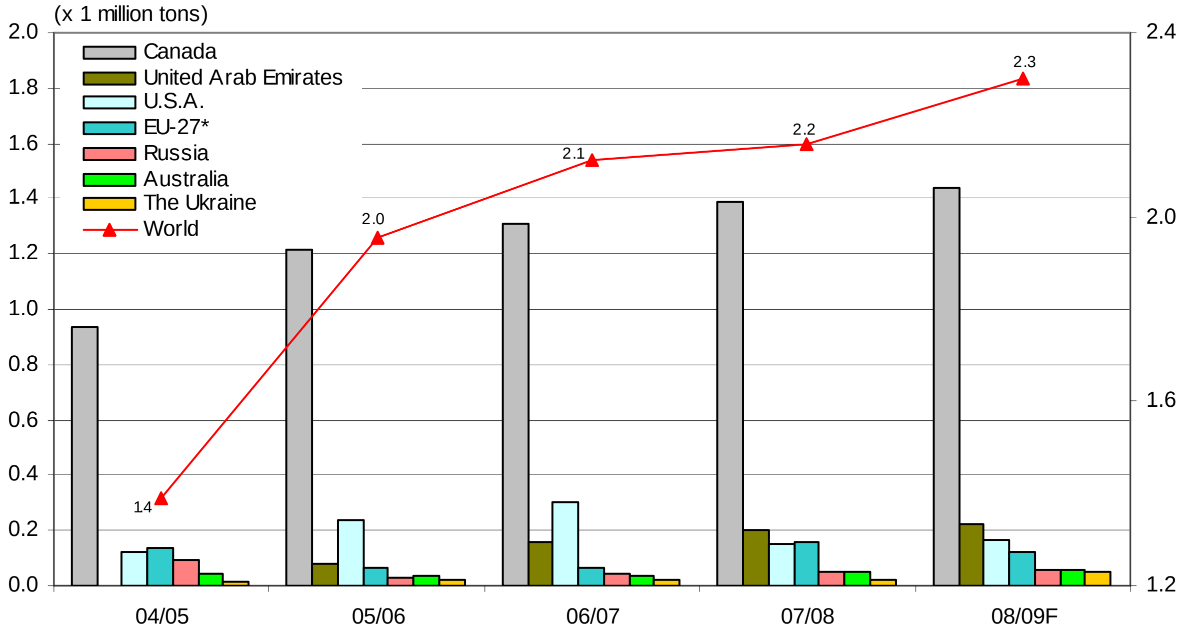
After 2006/2007 the worldwide import flows of rapeseed oil shifted from the EU-27 and China to the United States of America (figure 2.3A). It's expected that this situation will not change in 2008/2009.
Canada is the major global exporter of rapeseed oil (figure 2.3B). The EU exports of rapeseed oil are relatively limited (figure 2.3B). This community uses the internal production of this oil mainly as a raw material for her own food and biodiesel industry (figure 2.1A and table 2.1 on the pages 8 and 9)

Figure 2.3 World distribution of international rapeseed oil trade by region/country, 2001-2008

A. Most important importers



B. Most important exporters



*) Intra-EU trade is excluded F) Forecast

Source: ISTA Mielke August 2008

2.3.1 EU-27

The growth of the EU biodiesel industry's demand for rapeseed oil is clearly flattening (table 2.1 on page 9) while the EU rapeseed oil production increased significantly in 2007/2008 (+14.6%, figure 2.1A on page 8). These developments have resulted in a substantial drop of the EU rapeseed oil (net) imports in 2007 (table 2.2 and 2.3). In the last three years these imports mainly originated in Canada (33%), the United States of America (almost 20%), the United Arab Emirates (nearly 16%) and China (more than 4%) (table 2.3).

Table 2.2 Net trade (intra and extra) of rapeseed oil (x 1,000 tons) by selected EU countries in 2005-2007

Net import				Net export			
Country	**2005**	**2006**	**2007**	**Country**	**2005**	**2006**	**2007**
Germany		911.4	767.9		22.4		
Italy	221.5	292.0	230.0				
				United Kingdom	52.2	128.7	263.0
				Poland	95.6	177.1	231.4
				France	279.0	272.8	140.6
				Czech Republic	43.5	58.9	81.2
				Denmark	21.2	34.5	51.0
The Netherlands*	210.0	180.9					157.1
Austria		19.6	102.7		23.4		
Belgium			21.3		24.8	89.9	
Others	117.4	74.2	93.6				
EU-27 extra trade		**589.4**	**434.1**		**30.5**		

Sources: Eurostat, *Product Board MVO July 2008

Table 2.3 EU-27 imports of rapeseed oil from third countries (x 1,000 tons) in 2005-2007

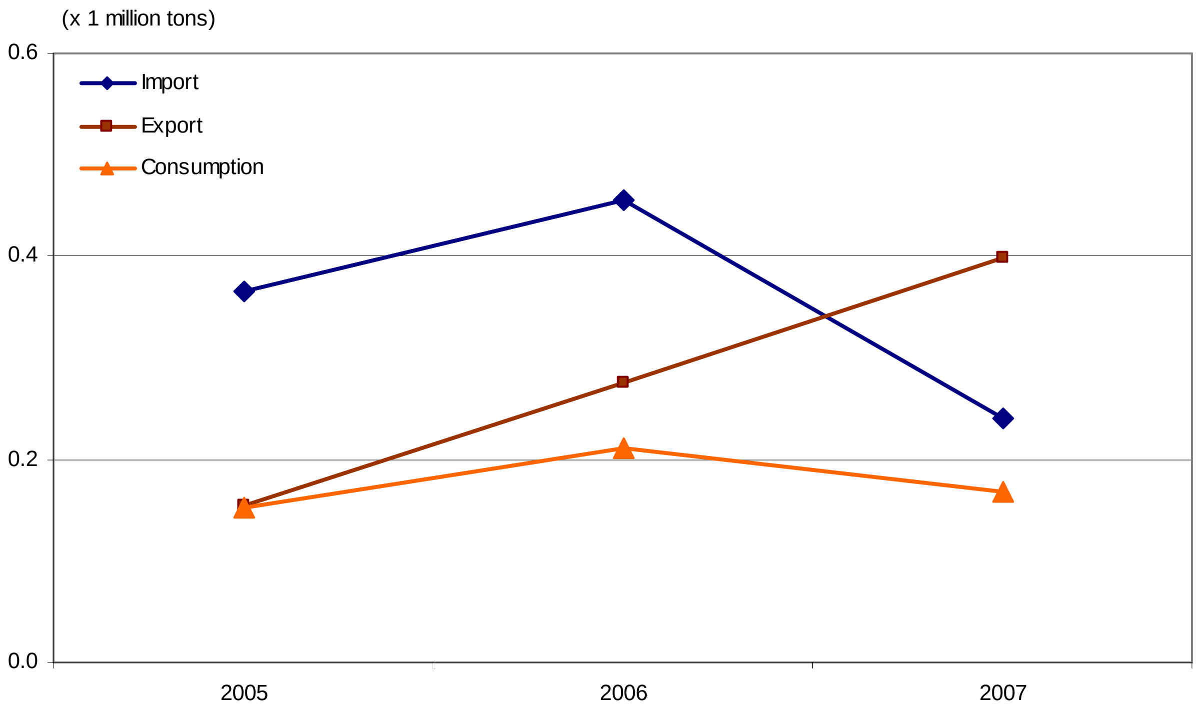
	Suppliers	2005	2006	2007
1.	Canada	15.4	258.4	120.5
2.	United States	1.1	126.8	106.0
3.	Unit. Arab Emirates	0.0	82.0	105.5
4.	China	0.0	84.3	87.3
5.	Russia	4.7	10.3	31.3
6.	The Ukraine	17.0	4.7	15.6
7.	Belorussia	9.1	15.3	12.1
8.	Paraguay	3.1	7.7	7.6
9.	Croatia	4.3	2.3	4.2
10.	Moldavia	0.0	0.1	2.4
11.	Argentina	5.2	4.4	1.5
12.	Algeria	0.0	11.6	0.3
13.	Morocco	0.0	15.6	0.0
14.	Rest of the world	0.2	10.8	1.6
	TOTAL EU-27 imports	**60.1**	**634.2**	**496.0**

Sources: Eurostat, Product Board MVO July 2008

3. The Netherlands

In 2007 the EU processed 17.1 million tons of rapeseed to oil (ISTA Mielke, August 2008). With a share of only 3.1% the Netherlands took the seventh position after Germany (42.9%), France (14.5%), United Kingdom (9.9%), Poland (9.1%), Czech Republic (4.7%) and Belgium (3.4%). The Dutch crushing of rapeseed increased sharply from 25,000 tons in 2005 to almost 522,000 tons in 2007. This means a production of almost 210,000 tons of rapeseed oil. Cargill and ADM are the major processors of this oilseed in the Netherlands. In the Netherlands the production of rapeseed is only marginal (paragraph 1.1 on page 4) so it's not surprising that the Dutch imports of this oilseed showed a spectacular boost in the last three years: +0.67 million tons to 0.72 million tons. In these years Germany (26%), France (24%), Belgium, the Ukraine (both 11%), United Kingdom (8%) and Poland (7%) were the main suppliers. In 2007 the Netherlands developed from a net-importer to a net-exporter of rapeseed oil (figure 3.1 and table 2.2 on page 11). The Dutch trade in this oil is mainly intra-EU. Last year the Dutch (estimated) consumption of rapeseed oil dropped by 20% to almost 169,000 tons (figure 3.1).

Figure 3.1 Dutch consumption, imports and exports (intra and extra) of rapeseed oil



Sources: ISTA Mielke, Eurostat, Product Board MVO July 2008