Australian Canola Opportunity For China

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Australian Oilseeds Federation (AOF)

Australian Oilseeds Federation

THE AUSTRALIAN GRAINS INDUSTRY CONFERENCE
ASIA 2016

GTA

Australian Oilseeds Federation

PULSE AUSTRALIA

Growing in value, sustainable and internationally competitive

Agenda

1. **The Australian Oilseeds Federation**
    - **Who we are / what we do**

2. **Canola /Rapeseed in China**
    - **Trade flows**

3. **Australian Canola for China**
    - **Challenges and Opportunities**

The Australian Oilseeds Federation

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Australian Oilseeds Federation

- **Peak industry body representing all sectors**
- **Established over 45 years ago**
- **Focus is on industry development and supporting growth**
- **Facilitates communication and linkages**
- **Whole of industry approach and invests where there is an overall benefit**

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Australian Oilseeds Federation

- **Key functions include:**
  - **Trading standards**
  - **Market access**
  - **Stakeholder Representation**
  - **Project Investment**
  - **Strategy Development**
  - **Represents the industry through an independent and credible voice**
  - **Product Promotion (oil and meal)**

Canola (rapeseed) and China

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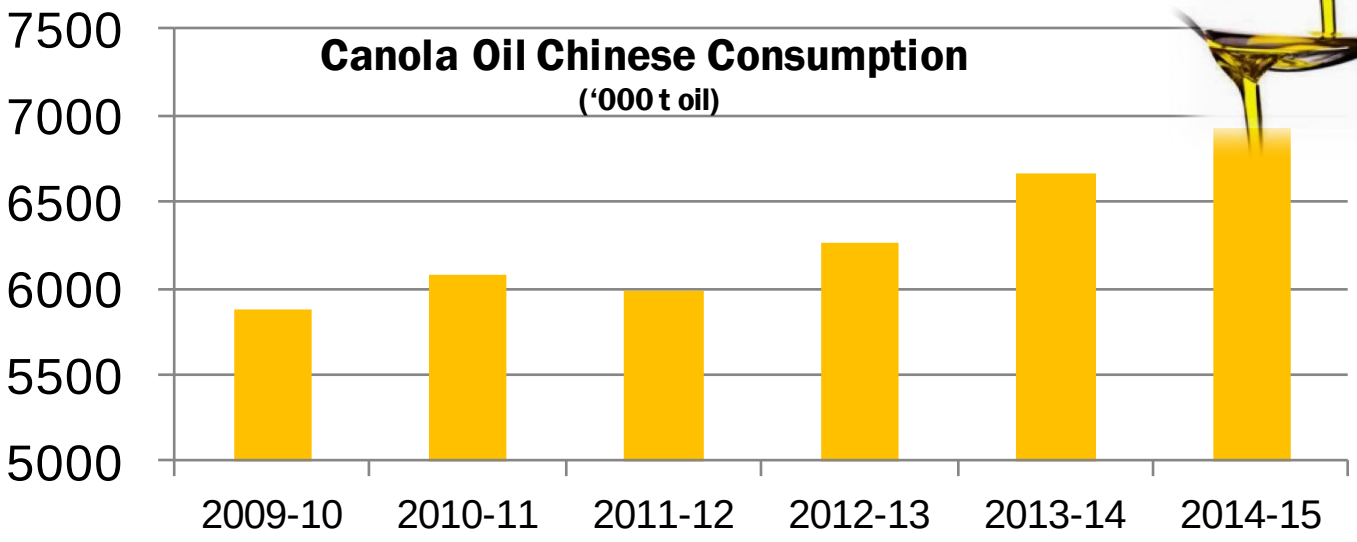
Canola in China

- **Largest canola consuming nation on earth**
- **Second largest oil type consumed**
  - **Nearly 1 in 5 kg of oil consumed is canola**
    - **(soybean 1 in 3kg ; palm oil 1 in 6 kg)**
- **Consumption is growing**



Oilworld 2014/15

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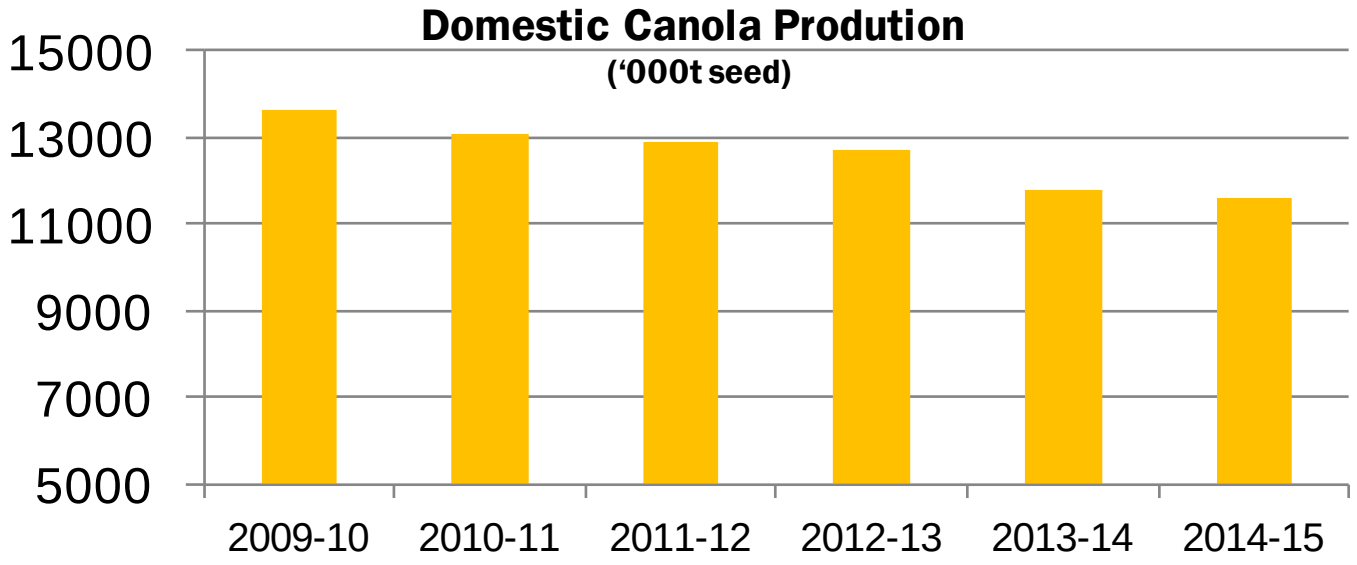
Canola in China

- **Domestic production declining:**

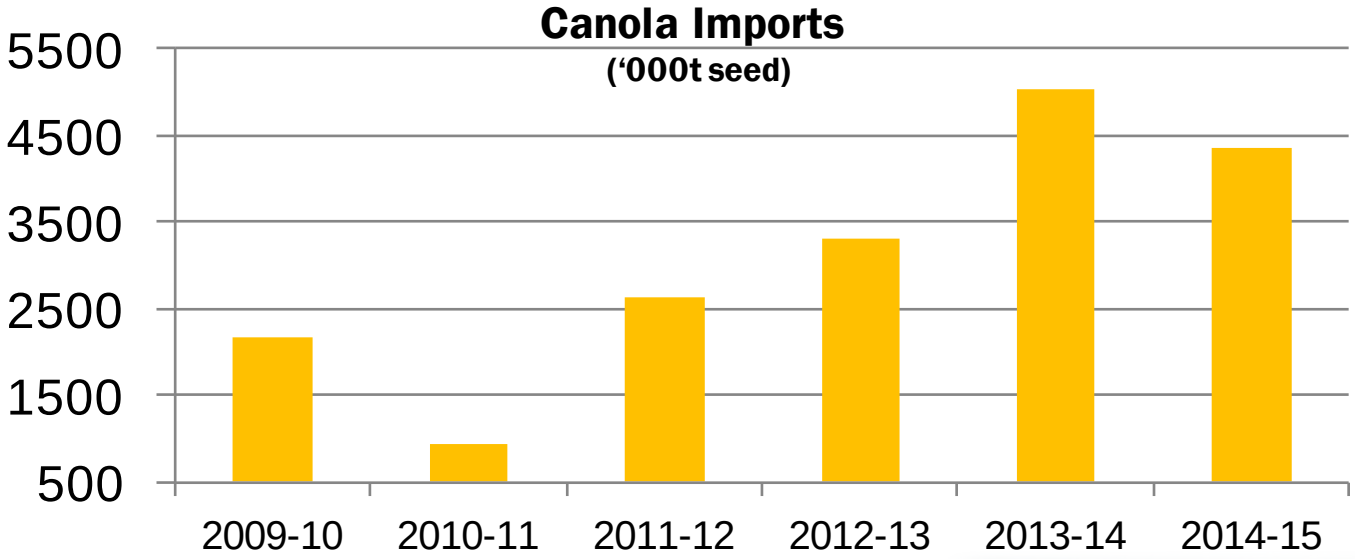


2 million tonne (15%) loss in 6 years

Oilworld 2014/15

Canola in China

- **Imports are growing**



Imports have doubled in 6 years

Oilworld 2014/15

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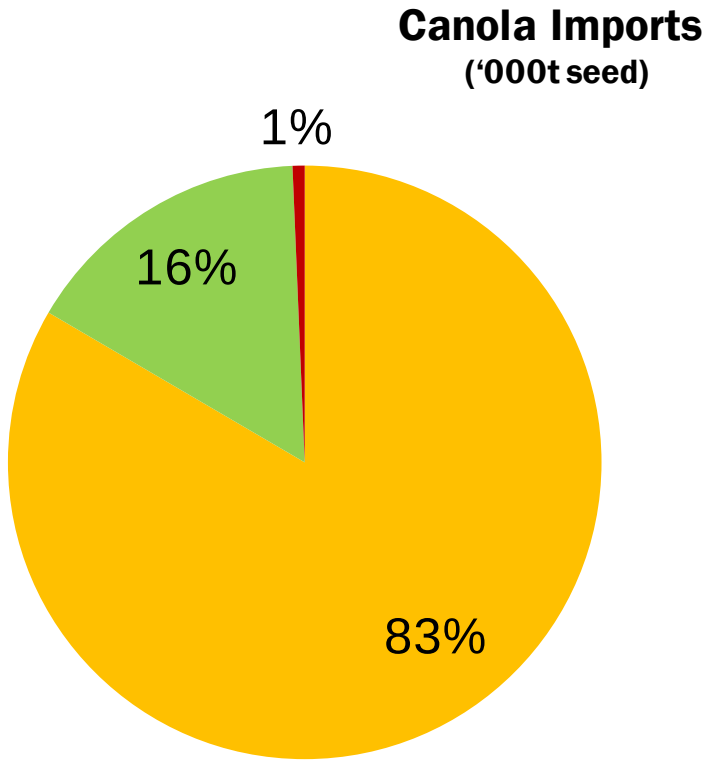
Canola in China

- **Sources of imports (prior 2 years)**



Oilworld 2014/15

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Canola in China

- **Key Points**
  - **Canola oil consumption is growing**
  - **Canola seed production is declining**
  - **Canola seed imports are growing**

- **Conclusion:**
  - **Imports will continue to grow to meet growing demand.**

Oilworld 2014/15

Australian Canola for China

Challenges and Opportunities

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What is Australian Canola ?

- **Varieties developed from Canada**
- **Similar in many respects**
- **Different in some key aspects**
  - **Strong quality control**
  - **Non-GM segregation**
  - **Lower chlorophyll**
  - **Lower seed moisture**

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Why Australian Canola ?- Quality

- **AOF Commodity Standards drive growers**

3.0 COMMODITY STANDARDS

Section 1 AOF 1-1 Table 1: Canola Standard

Commodity : CANOLA		Standard Reference No: CSO 1
Parameter	**Specification**	**Comment/Price Adjustment**
Physical & Chemical Parameters		
Description		Canola is defined as seed of the species *Brassica napus or Brassica rapa* but containing less than 30 micromoles of specified glucosinolates per g of oil-free air-dry solids and not more than 2% erucic acid in the oil component, as a proportion of the total fatty acids content. The specified glucosinolates are any one or a mixture of 3-butenyl, 4-pentenyl, 2-hydroxy-3-butenyl and 2-hydroxy-4-pentenyl glucosinolates.
Accepted Varieties	As per Masterlist	Approved canola varieties as listed in these Standards or on the AOF website.
Oil (%)	42.0 base level	1.5% premium or deduction for each 1% above or below 42%
Free Fatty Acid (%)	1.0 base level	2% deduction for each 1% over the base level, rejectable over 2.5%
Moisture Max (%)	8.0	2% deduction for each 1% over maximum
Test Weight Min (kg/hl)	62.0	Rejectable under this limit
Protein	Unlimited	
Seed Retention	Unlimited	
Germination	Unlimited	
Defective Canola (Maximum % wt/wt unless otherwise stated based on cleaned half litre sample retained above 1.0mm round hole screen)		
Broken or Split (%)	7.0	Includes Insect Damaged. 0.5% deduction for each 1% over the maximum
Heat Damaged, Bin Burnt (per 1,000 seeds)	1	Assessed on crushed seeds
Mouldy (per 1,000 seeds)	5	Assessed on whole seeds before crushing
Defective (%), of which	10.0	0.5% deduction for each 1% over the maximum
Damaged (%)	3.0	Includes Diseased, Immature, Weather Damaged and Otherwise Materially Damaged. 0.5% deduction for each 1% over the maximum, rejectable over 10%
Sprouted (%)	5.0	0.5% deduction for each 1% over the maximum
Green (%)	2.0	No penalty up to a maximum of 2%, rejectable over 2% using the ruler method. Alternatively, determine as Chlorophyll, with a maximum of 120ppm and rejectable over.

Why Australian Canola ?- Quality

- **On the Farm:**
  - **Government regulation regarding chemical use**
  - **Harvested grain checked for breaches of chemical residue limits;**
  - **Industry Regulated/Stewardship Programs**
  - **Australian canola production is certified as sustainable.**
  - **EU Renewable Energy Requirements**

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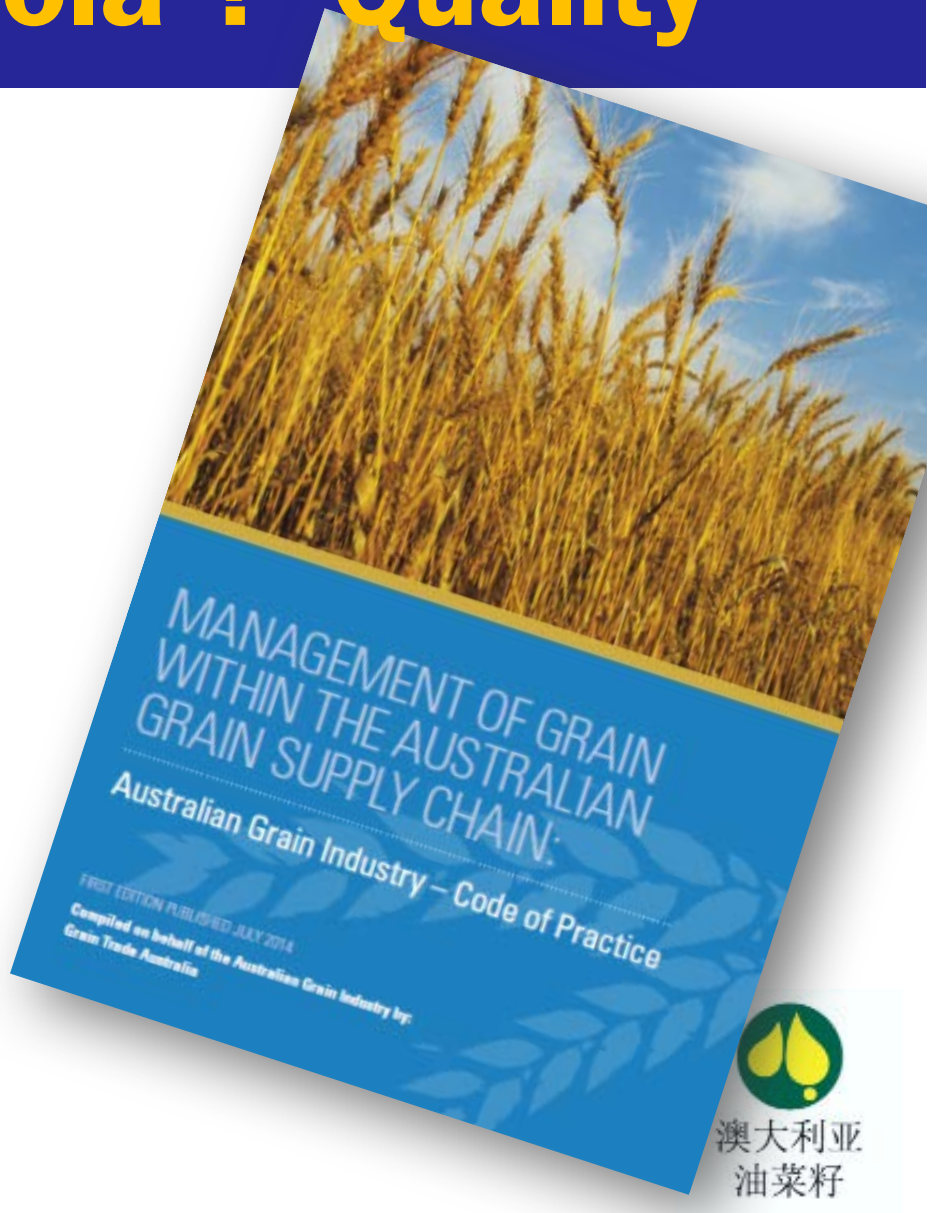
Why Australian Canola ?- Quality

- **In the Supply Chain**
  - **Code of Practice Adherence**
  - **Mandatory for GTA members**

  - **Effective Segregation**
  - **Discreet segregation for non-GM**
  - **Closed loop for specialty canola**



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Why Australian Canola ?- Quality

- **At the Crush Plant:**
  - **Canola accepted according to AOF standards;**
  - **Non-GM canola segregated**
  - **Seed cleaned before crushing**

  - **Crude oil and meal traded in accordance with AOF standards.**
  - **Segregation of expeller vs solvent extracted meal**
  - **Segregation for non-GM oil and meal.**

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Why Australian Canola ?- Quality

- **At the refiner/Packer:**
  - **RBD Oil traded as per AOF Standards**
  - **Modern, fully automated refining plants**
  - **Compliance with AOF and FOSFA prior loads directives**
  - **Food grade, high speed bottling lines**

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Why Australian Canola Oil ?- Quality

Annual Quality Reporting

- **Independent**
  - Govt Laboratory
- **Transparent**
- **List all major quality attributes.**

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Why Australian Canola ?- Quality

2014/15 Harvest Results

Quality Parameter	Australian Mean
Oil content, % in whole seed @ 6 % moisture	44.1
Protein content, % in oil-free meal @ 10 % moisture	38.8
Glucosinolates, µmoles/g in whole seed @ 6 % moisture	6*
Volumetric grain weights, lbs/b	54.2
kg/hL	67.5

* Excludes WA

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Why Australian Canola ?- Quality

2014/15 Harvest Results

Quality Parameter	Australian Mean*
Oleic acid concentration (C18:1), % in oil	63.7
Linoleic acid concentration (C18:2), % in oil	17.9
Linolenic acid concentration (C18:3), % in oil	9.3
Erucic acid concentration (C22:1), % in oil	<0.1
Saturated fatty acid concentration, % in oil	7.5
Iodine Value	111.3

* Excludes WA

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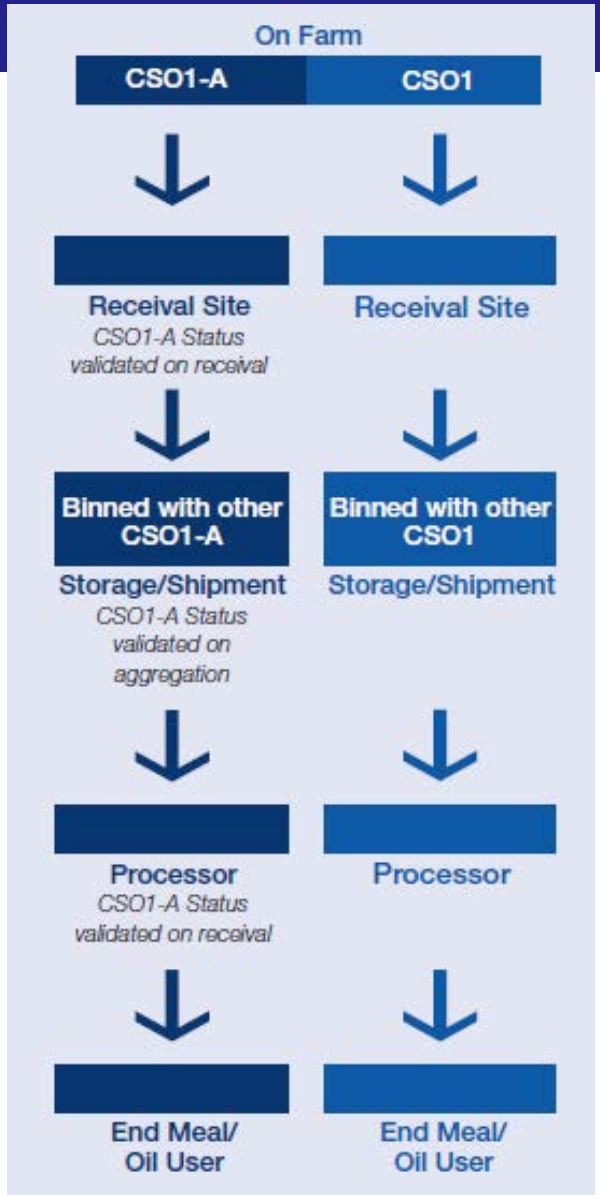
Why Australian Canola ?- Non GM

- 2014/15- 78% Australian crop non-GM
- Specific Trading Standard for non –GM
  - CSO1-A
- Non GM tested on delivery by farmer
- Non GM tested on receival at processor
- Non GM tested on receival at port

- Effective segregation confirmed over prior 7 years.
- Non GM seed, and oil and meal from non-GM segregated throughout supply chain.



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Challenges with Imports

- **Biosecurity risk with Blackleg (Leptosphaeria maculans)**
  - **Fungus attacking plant stem**
  - **Endemic to all canola areas, except China**
  - **Low resistance in Chinese varieties**
  - **Outbreak in China could be catastrophic**

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Challenges with Imports

- **AQSIQ has instituted temporary import conditions to enable trade to continue**
  - **Australia and Canada**

- **AQSIQ temporary import conditions to manage risk:**
  - **Ship only from Australian ports of low blackleg incidence**
  - **Discharge only at designated ports approved by AQSIQ**
  - **Crush only at plants approved by AQSIQ (not near agricultural regions)**

- **Ongoing research between Australia and China to better understand risk management strategies**

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Challenges with Imports

- **Import Protocol**
  - **Expected to be finalised in 2016**
  - **Expected to include blackleg risk mitigation requirements for both exporter, importer and processor**
  - **Objective: to facilitate canola trade between Australia and China which minimises biosecurity risk**

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The future is bright for China

- **Growing demand for canola**
- **Consistent canola supply from Australia**
- **Quality product- whole of value chain integrity**
- **Non-GM supply**
- **Import protocol in place in 2016**

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