Vegetable Oils: Competition in a Changing Market

Presented by:

Chris Beckman,
Oilseeds Analyst

Market Analysis Division, Markets and Trade Team
Agriculture and Agri-Food Canada

June 28 , 2005

2005 GCIRC Canola/Rapeseed Technical Meeting

Outline

I Overview: World Veg-Oil Market

II Sector Profile

- 1:Palm Oil
- 2:SoyOil
- 3:Canola/Rape Oil
- 4:Sunflowerseed Oil

World Vegetable Oil Market

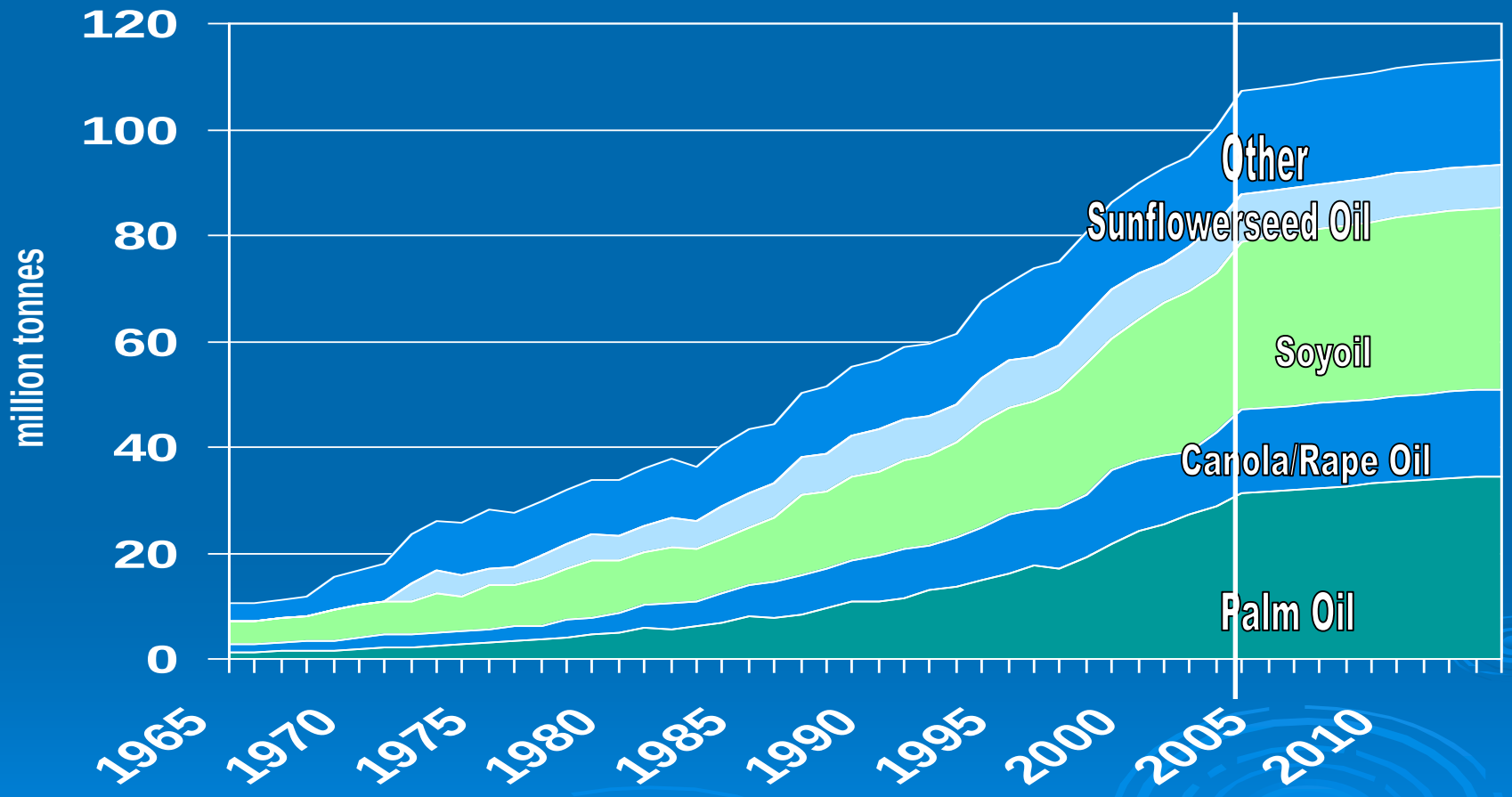
Has grown by 50% since 1994-95

Globalized

Increased competition and opportunities

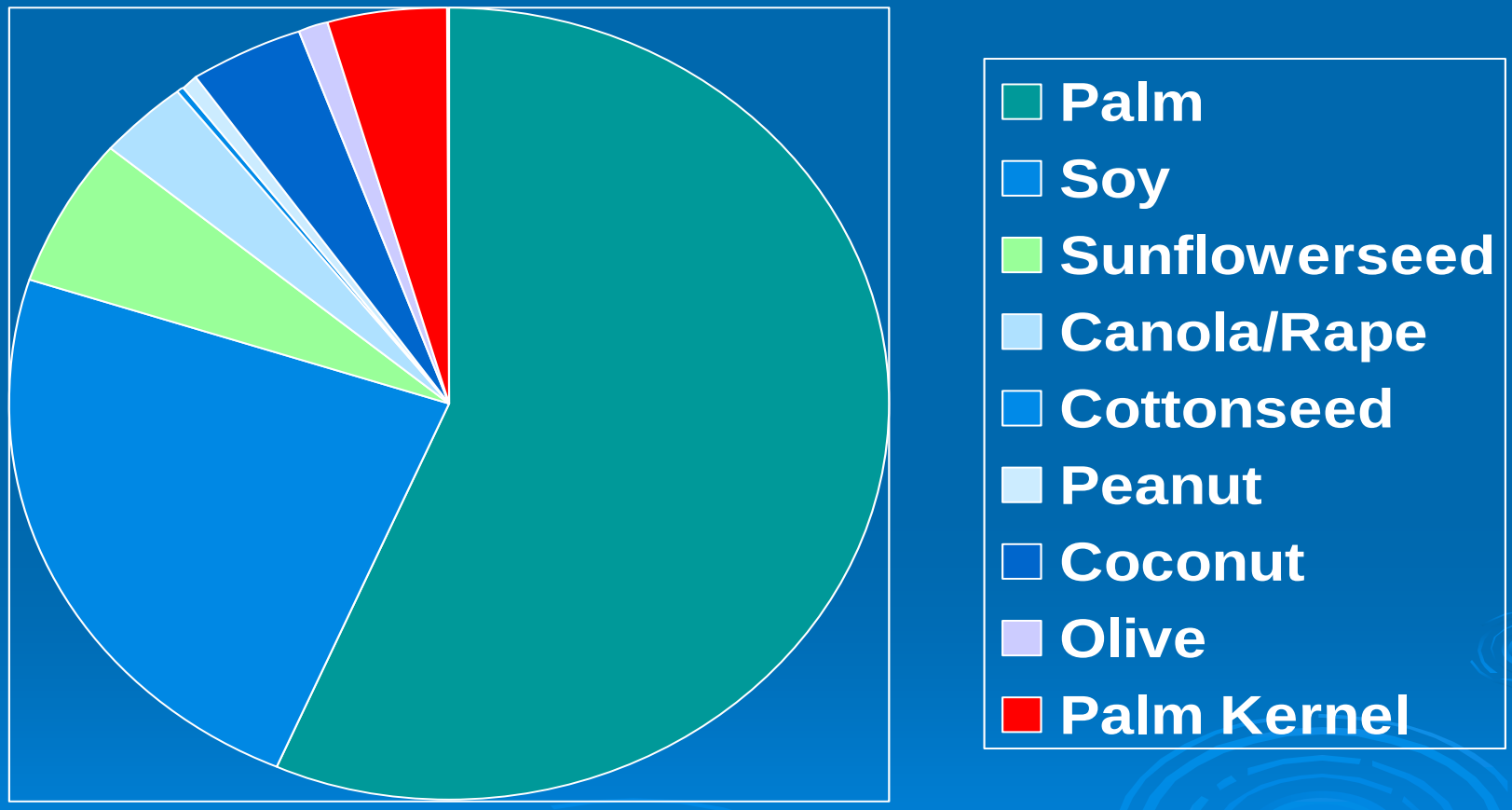
Canada

World Vegetable Oil Production

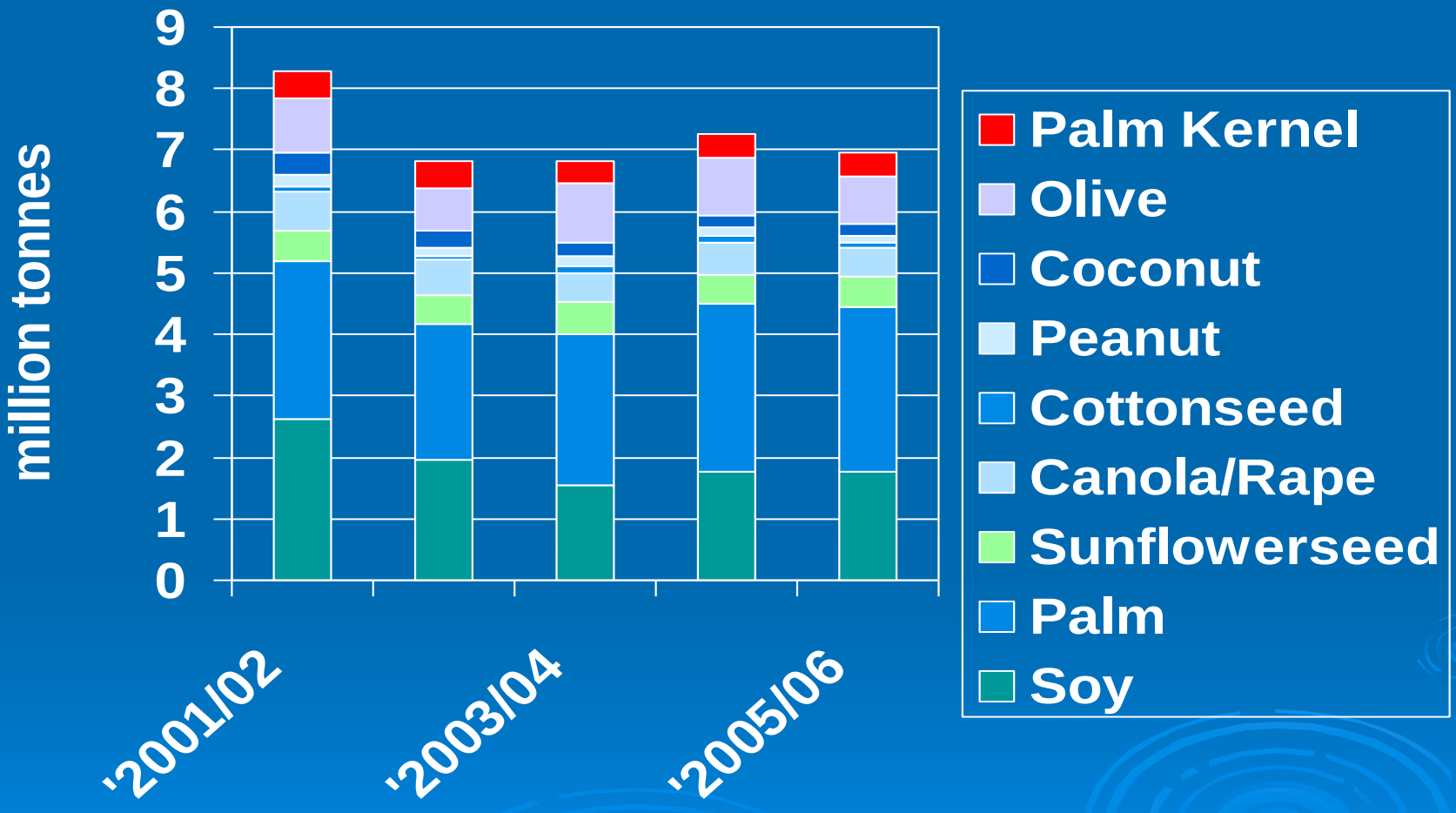


Canada

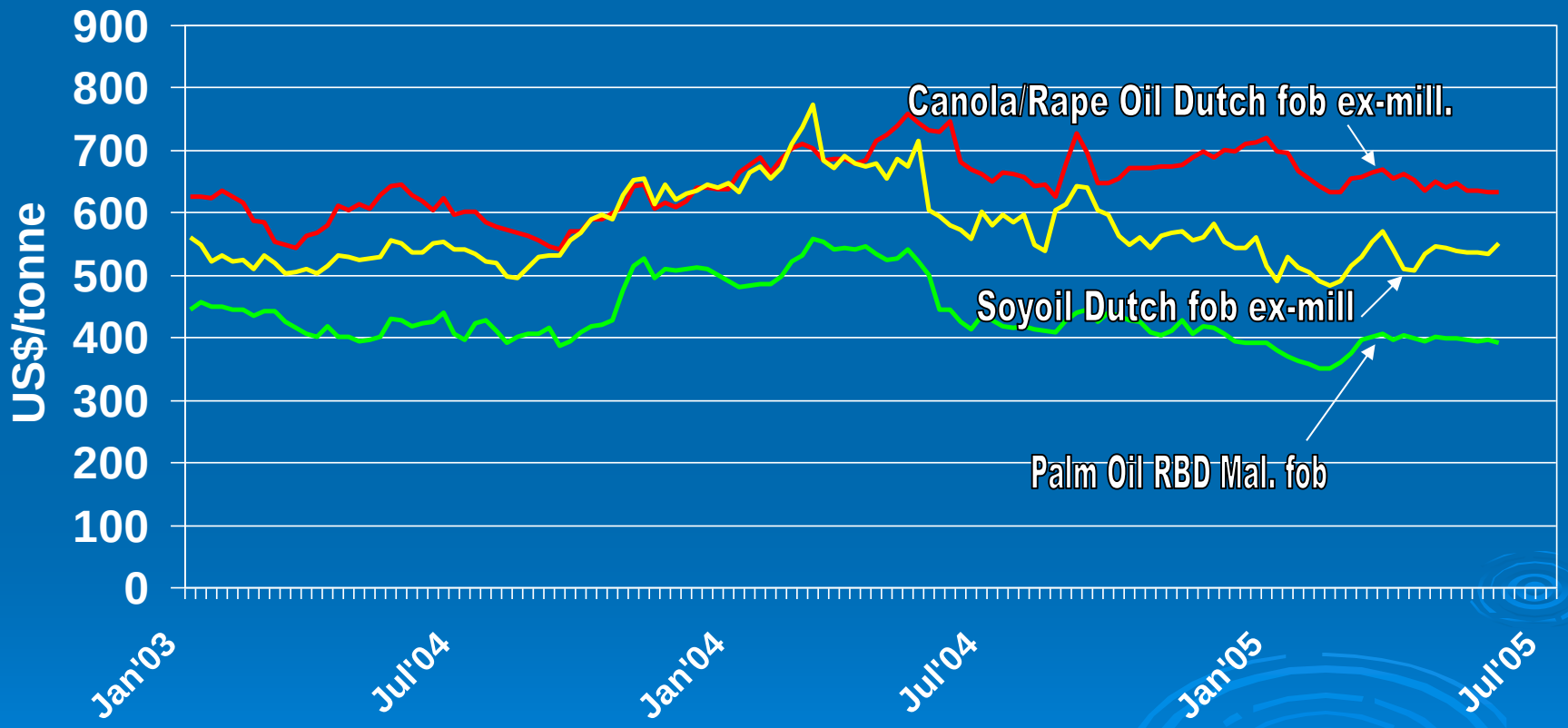
World Vegetable Oil Trade (40Mt)



World: Veg-Oil Carry Out Stocks



World: Veg-Oil Prices

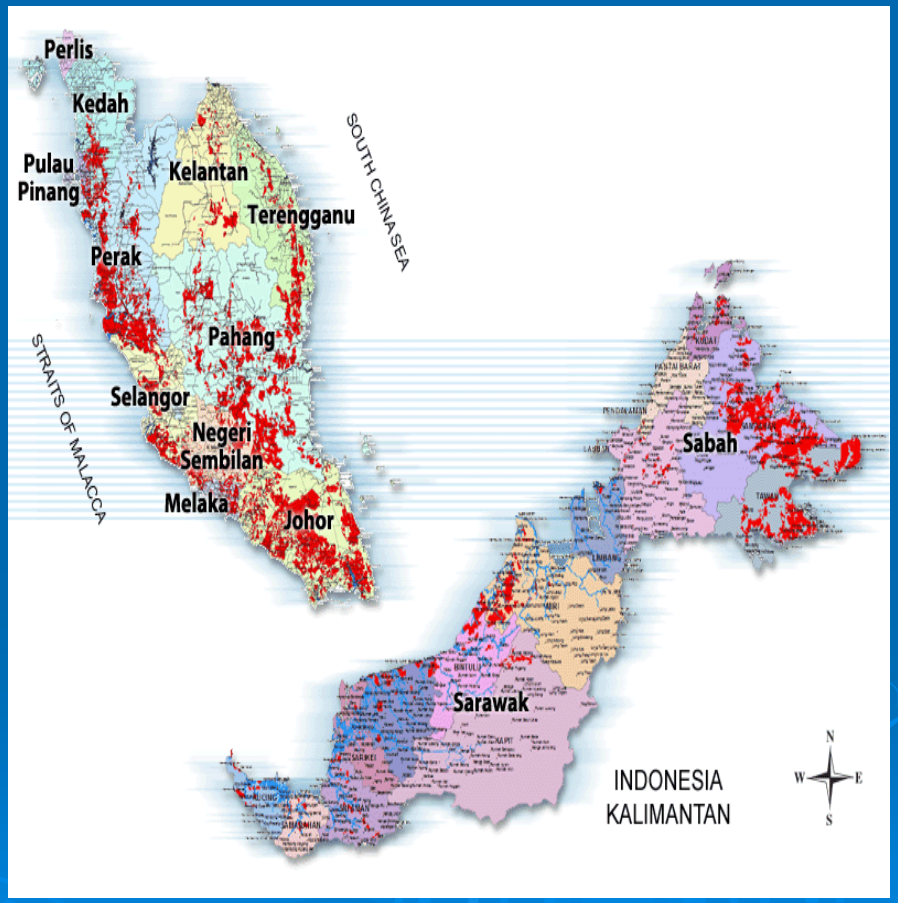


Palm Oil

Driving growth through low prices

Palm Oil has low operating costs

Expansion projected at a steady pace over the medium term



Source: Malaysian Palm Oil Board

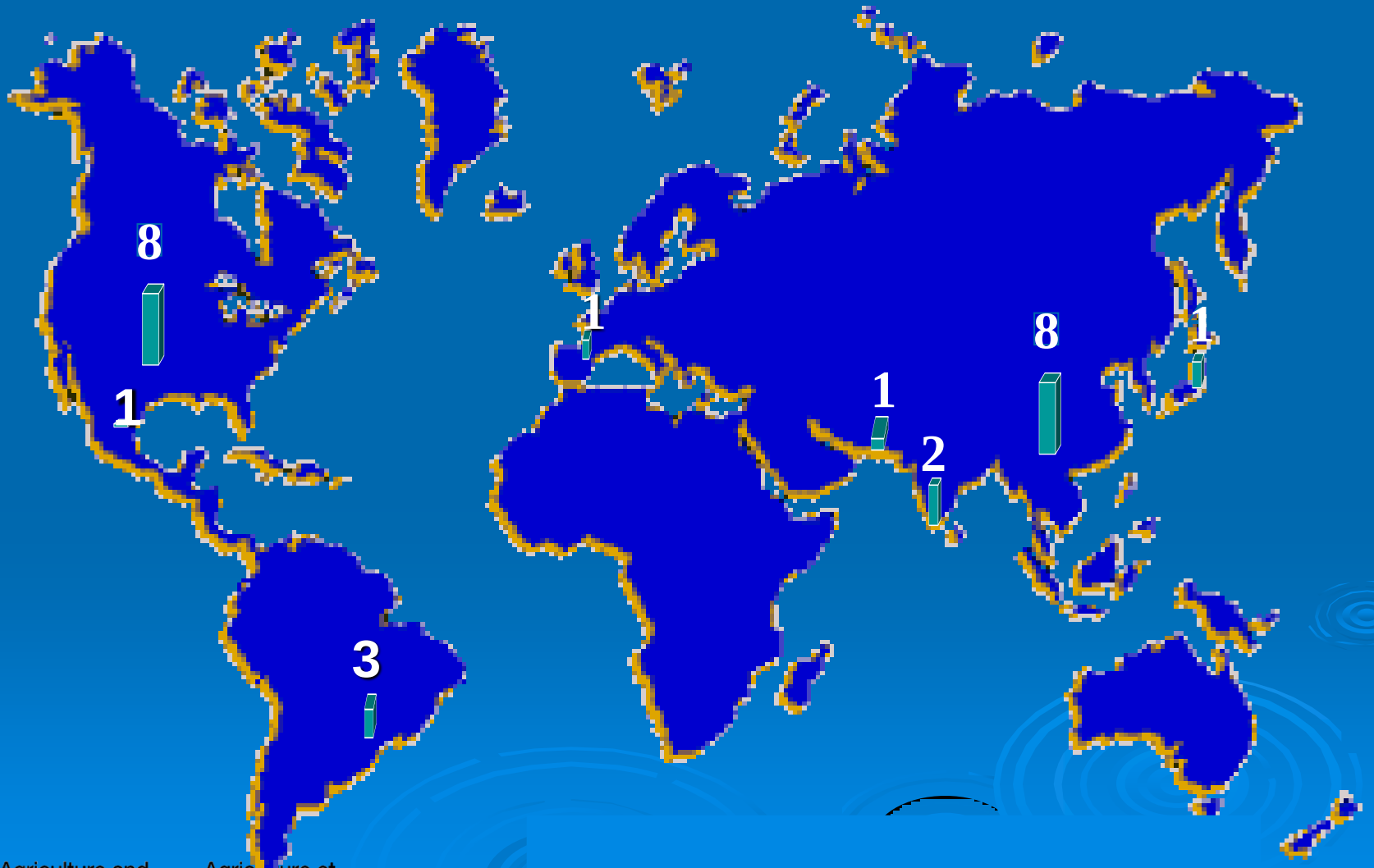
World PalmOil Usage (Mt)

SoyOil

- Value and Versatility Support Growth
- Expansion happening in South America and China
- Expansion to slow down over the medium term

World SoyOil Production (Mt)

World SoyOil Usage (Mt)



Canola/Rapeseed Oil

Premium Priced: Health and Bio-Fuel

Trans-fat a concern to North America

EU consumption switching to bio-diesel.

World Canola/RapeOil Production (Mt)

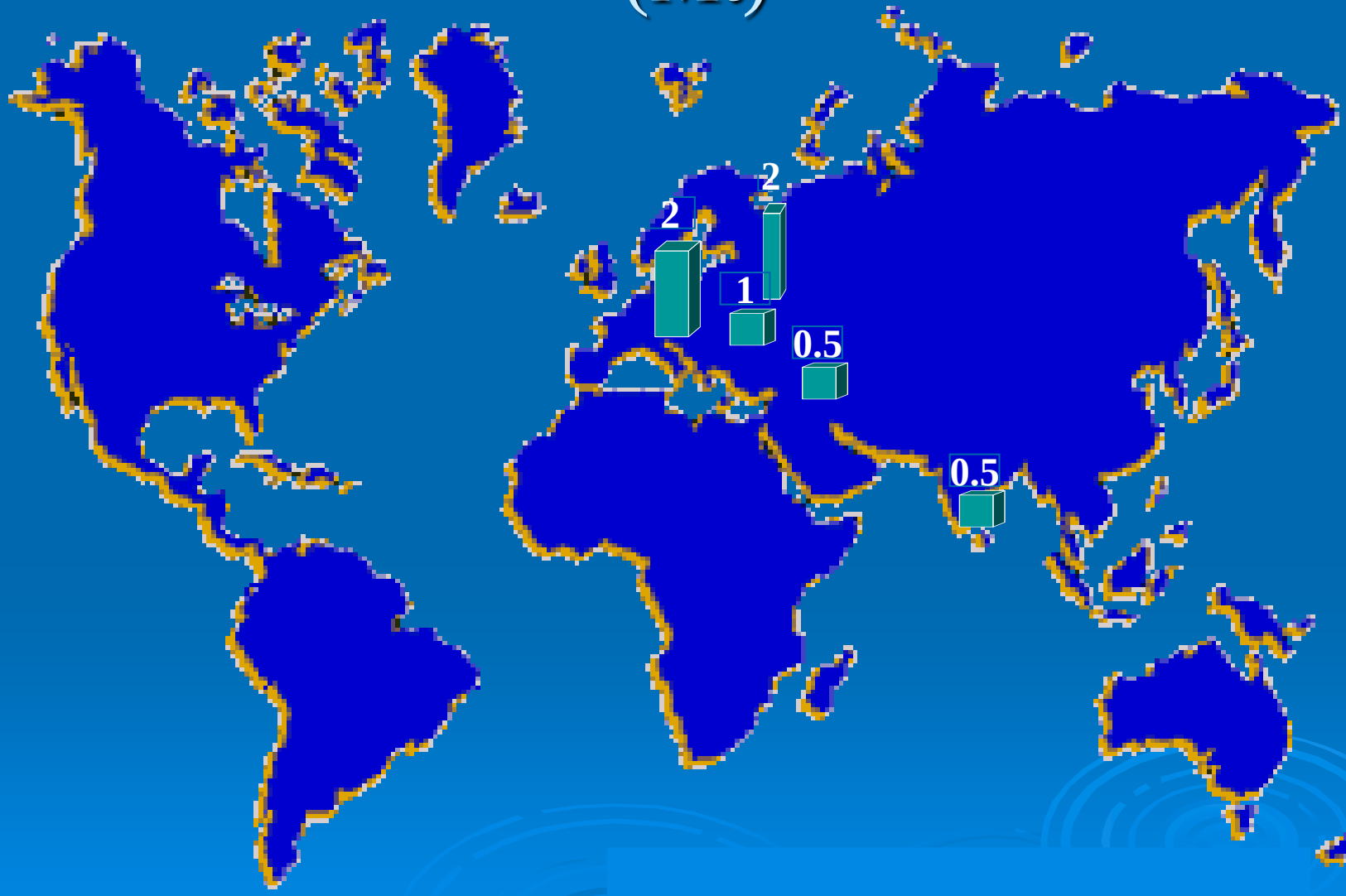
World Canola/RapeOil Consumption (Mt)

Sunflowerseed Oil

- Pressured by high costs
- Perceived as a high quality oil
- Future growth constrained by high costs

World: SunflowerSeed Oil Production (Mt)

World: SunflowerSeed Oil Consumption (Mt)



Conclusions

The Veg-Oil market will continue to expand at a slower pace

Canola/rapeoil's main competition will come from palm oil and soyoil

Medium Term Outlook

- Palm Oil and Soybean Oil Usage Rises
- Canola/RapeOil Stable
- Sunflowerseed Oil to decline

Vegetable Oils: Competition in a Changing Market

Presented by:

Chris Beckman,
Oilseeds Analyst

Market Analysis Division, Agriculture and Agri-Food Canada

www.agr.gc.ca/mad-dam/

June 28 , 2005

2005 GCIRC Canola/Rapeseed Technical Meeting