

Economics of Rapeseed Production and Markets

Topics of the Economy Session of the 2017 GCIRC Technical Meeting

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The session will be split into two parts: in the first section farm level related issues will be presented and discussed, while the second will focus on vegetable oil and protein markets and the particularities of rapeseed.

I Swedish Growers coping with the Ban of Neonicotinoids – Implications from replacing Spring by Winter Rapeseed (Johan Lagerholm)

With regards to Swedish regions in which spring and winter rapeseed can to be grown at the same site, the session will generate an estimate about the likely future development of cropping patterns in case the ban of neonicotinoids will persist.

In order to answer that question, the following analysis will be performed and respective outcomes will be presented:

- (a) What are the regions in which the two crops can be grown at the same location?
- (b) How often does winter kill occur in rapeseed and what are the economic consequences?
- (c) Taking into account the risk of winterkill, how do the two crops compare in terms of gross margins?
- (d) How do the two crops compare when rotational effects/requirements are taken into account?
- (e) In case winter rapeseed is significantly less profitable than spring rapeseed: what other crops compete for the land and what gross margins can be expected from them?

The analysis will be based on individual farm level data from the Swedish consulting company VäxtRåd.

II Economics of GM vs. Non-GM Rapeseed - Shifts in Direct Input Costs and its Effect on overall Profitability (Jörg Zimmermann; Yelto Zimmer)

The key idea is to compare conventional with GM rapeseed production using existing data from the *agri benchmark* network, focusing on

- (a) Direct input cost relations (i.e. seed, chemical, fertilizers) in GM vs. conventional crops
- (b) Overall differences in global competitiveness of rapeseed production between the two systems and
- (c) Related differences in the production systems

The session will provide insights whether or not herbicide resistance traits change the overall economics of canola production and whether shifts in input cost relations justify higher seed costs. Based on that, the dynamics of canola seed markets can be assessed more clearly when HR traits become available elsewhere.

III Global Biodiesel Production - Current Situation and Perspectives (Dieter Bockey)

Find out, whether or not and to what degree future global oilseed markets will be impacted by changes in the biodiesel interventions. In order to reach this goal, the presentation will provide answers to the following questions:

- (a) What are the main countries involved in Biodiesel production and related policy interventions to boost biodiesel consumption?
- (b) How has biodiesel production/use evolved since 2010 in those countries?
- (c) What are the main political instruments applied in order to drive biodiesel demand?
- (d) In what countries there are political interventions in place or forthcoming that refer to the Paris agreement and in what way do those discussions change the current way of dealing with biodiesel?
- (e) What are existing or forthcoming plans in the key biodiesel countries to guide future biodiesel consumption (i.e. what are the quantitative goals), what are the limitations and alternative options for the increasing access of vegetable oils into the fuel market?

IV Global Vegetable Oil Markets - Drivers for Price Spreads and Possible Changes (Nancy DeVore)

Provide insights in the dynamics of global vegetable oil markets and the price spread between different oils. Assess whether there will be an effect from stagnating or even decreasing European biodiesel production on price ratios.

In order to being able to get there, the following questions will be addressed:

- (a) What are main uses for the different oils?
- (b) What are fundamental technical features of the different oils that restrict their use and hence justify a discount?
- (c) Do consumer preferences for (or against) certain oils play a role and if so, is it possible to assess the share of produce that is traded – or not traded - because of those preferences?
- (d) Since except for palm oil vegetable oils are produced from crops that also contain protein - in the case of soybeans even the major part – to what degree can differences in oil prices be explained by differences in the value of the protein content?

V Proteins and respective Demand and Innovations (Curtis Rempel)

1. Canola seed/meal composition & function (vs soy)
2. The case for plant (canola) proteins
 - a) Supply vs Demand
 - b) Health & Cultural drivers
 - c) Value added & specialty products
 - d) Sustainability
3. Canola Protein – Economic value, history, current status (regulatory), limitations
4. Canola Protein Future – Economic Opportunity and Economic Value Added
 - a) Competitive marketplace
 - b) Canola Protein Processing Innovation
 - c) Fixed and variable costs
 - d) Life Cycle Analysis
 - e) Economic Drivers re-visited