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WORLD PRODUCTION AND MARKETING OF RAPESEED IN PAST
10 YEARS AND PROJECTION FOR NEXT 10 YEARS

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I have been honoured by this Conference to open the presentation of papers with the subject of "World Production and Marketing of Rapeseed in Past Ten Years and Projections For the Next Ten Years".

I have been given 20 minutes to accomplish this, that is, in actual fact one minute per year. This of course, is rather short, but I shall do my best to give you as clear a picture as possible for these 20 years.

If I had been here before you ten years ago, and would have forecast the truly spectacular rise in the production of oilseeds, oils and fats, perhaps no one would have believed it. Yet in the ten year period from 1960 to 1969 world production of all oils and fats rose by almost 27 percent from 36 million tons in 1960 to 45.5 million in 1969, or by nearly 10 million tons.

Even though rapeseed oil occupies a relatively modest place in the total for all oils and fats, it still gave an excellent performance. In 1959, 3.9% of the total was rapeseed oil, and by 1969 this had gone up to 4.2 percent of the total. For rapeseed oil itself it means an increase from 1.37 million to 1.90 million tons, an increase of over half a million tons or 38 percent. In 1960 Canada produced 252,000 tons of rapeseed and in 1969 858,000 tons, i.e. an increase of 606,000 tons or 240 percent.

I called this an excellent performance, because it did nearly as well as that glamour commodity soybean oil, which showed an increase of 41 percent. The only oil which outperformed both rapeseed oil and soybean oil was sunflowerseed oil, which increased by 70 percent during the same period.

In the Middle Ages rapeseed oil was the most important oil for illuminating purposes. It is assumed that by the 16th century rapeseed had found wide acceptance as edible oil and an illuminant. Records show that in Holland we had a bumper crop in 1612. From then on until the middle of this century it was not very significant crop at all, but the statistics show that this oilseed of ancient history has been very much with it these last ten years, and the obvious implication is that it has been gaining in popularity gradually, slowly and surely.

Less slowly, more surely and most spectacular is the development in the field of world exports. Back in 1960, world exports of all oils and fats and oilseeds (on an oil basis), including butter, amounted to 8.7 million tons. Rapeseed oil exports were 124,000 tons, or 1.4 percent. Ten years later world exports of all oils and fats had risen to 11.9 million tons and rapeseed oil to 500,000 tons or 4.2 percent. For rapeseed oil itself it meant an increase of 250 percent. The increase in soybean oil exports was "only" 70 percent. Only sunflowerseed oil did better, in fact, it did a tremendous job, going up from 100,000 tons in 1959 to 1,269,000 tons in 1969, i.e. an increase of almost 1,200 percent. Still, this goes to show that in recent years, rapeseed has become increasingly popular with crushers, and rapeseed oil has become a most welcome component in salad oil, margarine and, we must not forget, of technical oils. We could assume that the consumer pattern, as it trended in the Sixties, will continue throughout the coming ten years. Then it is not too difficult to foresee what would be needed in terms of rapeseed oil. As a rule we never believe in sudden changes in a consumer pattern. In our daily trade we never reckon with it. When I made my original draft of this paper, I saw no reason which might upset this consumer pattern and the projections used are based on this assumption. However, erucic acid has thrown a monkey wrench in the machine and I, for one, am no longer as sure of this pattern, as I was a few months ago. I have not changed the projections used, simply because I hope to learn here a lot more about the actual problems related to erucic acid, the consequences and possible impact of the findings of the Research Laboratories in Ottawa, Vlaardingen and Dijon.

If we now take 1970, we estimate that on the basis of the last crop estimate in Canada of 1,800,000 tons, and taking as an estimate for Asia and Africa, similar crop figures as for the last years and taking for E.E.C. 720,000 tons, we come to an estimate of 6,450,000 tons rapeseed or on an oil basis, 2,214,000, i.e. an increase of 832,000 tons. Here again the increase comes mainly from Canada with a 1969 crop of 858,000 tons and an expected 1970 crop of 1,800,000 tons, or an increase of 942,000 tons rapeseed or 375,000 tons on oil basis or 210 percent more.

However, there are, with regard to the Canadian production, some matters related to this unusually large crop, which are very important to us all:

- the practical side of harvesting; transportation and storage space and financing;
- the ability, the willingness and the capacity in Canada, Japan and in Europe to crush most of it;
- the actual need for the oil.

My Canadian hosts are in a far better position to answer the first point .. but it seems to me, that in a country so well equipped to harvest large cereal crops, the handling of this rapeseed should present no unsurmountable problems.

Capacity-wise, I would say that we have seen a considerable expansion in Europe in recent years but nearly all of that is geared to soybeans. I do not know to what extent the situation in Canada, Japan, Pakistan and other potential importing countries is any different. I believe that, while it would not be too much a problem to crush for instance 400 to 500,000 tons more rapeseed than last year (provided always the price is right), it may become a real problem to digest the whole increase of almost a million tons. It may mean that Canada may be facing a very substantial carry-over of rapeseed next year. As far as the third question is concerned, I shall revert to this later.

Another important element in the marketing of rapeseed is the European Economic Community. When in 1963 the Council of Ministers in the E.E.C. decided that a deficiency payment system would be used for oilseeds produced in the Common Market instead of the customary levy system where the world market parity of agricultural products is brought to the higher level of the internal agricultural prices. This was based on the fact that only about 20 percent of the consumption of edible oils was produced in the Common Market against an import of 80 percent from world markets. Therefore it was logical to subsidize the 20 percent produced at home rather than to increase the price the 80 percent of imported oilseed and oil to the detriment of the consumer in the Common Market. The internal production price was fixed at 202.50 dollars per ton which is nearly double the world market parity. A system of subsidies was arranged, where the difference between world market price and internal price is paid by the authorities of the Common Market. To give you an idea of the extent of the subsidies, \$93 million was paid alone for rapeseed in 1969.

Moreover this high internal price induced many farmers in the E.E.C. (mainly in France) to change from other agricultural products to rapeseed.

In 1960 the E.E.C. produced 170,000 tons of rapeseed. In 1966 (the year before the new regulation came into force) 440,000 tons and in 1970 720,000 tons or more than 4 times as much as in 1960. It can be expected that the production of rapeseed in the E.E.C. in the future will grow rather than decline, and a total crop of 1 million tons in 1975 looks very likely. There have been rumblings coming from officials of the E.E.C. (mainly in Italy and France) to abandon the deficiency payment system and to institute the same system as for all other

agricultural products, namely to raise the price level of the world market of that of the internal price through levies, instead of paying subsidies. Up till now this plan has not succeeded, but some very tricky articles are being accepted against dumping, which through their application could mean the same. I refer to Regulation Number 136/66, article 3, paragraph 6, allinea 1, which reads as follows:

When the products referred to in article 1, paragraph 2, sub a) and b) (all oils and oilseeds) from third countries are imported in such quantities and under such conditions, that grave injury occurs or threatens to occur to the producers in the E.E.C. of the products referred to in article 2 (again all oils and oilseeds, including olive oil) a compensating levy can be imposed.

This article is also very important for all growers of rapeseed in the world, bearing in mind, that the price paid to E.E.C. growers of rapeseed amount to \$202.50 per ton, and a price of \$1,150.00 per ton is paid to olive oil producers. It all depends on what is considered "grave injury". Up till now the Commission of the E.E.C. has not yet given a description of what they consider "grave injury", but it could easily be interpreted in such a way, that through a system of levies a price level could be obtained, where the E.E.C. has less to pay in deficiency payments and receive at the same time a significant amount in the form of levies. You may remember, that last year an attempt was made, to put a tax on all oils and fats produced or imported in the E.E.C. and only after many protests from exporting countries (such as U.S.A.) was this proposal withdrawn.

Unfortunately it looks at the moment as if a trade war were developing between the United States and the E.E.C. Following the promise of President Nixon to develop the industry in the South of the United States (especially the textile industry) much pressure has been put on Washington to stop or curtail the import of cheap textiles and shoes from the E.E.C., mainly Italy, either through high import duties or through quotas.

In order to retaliate, the E.E.C. would immediately try to put into effect a tax on all oils and fats either imported or produced in the E.E.C. This, of course, would jeopardize again the export by the United States of soybeans and soybean meal.

For your guidance, the United States exported to the E.E.C. in 1969 3 million tons of soybeans and 2 million tons of soybean meal. Naturally also the export of Canadian rapeseed to the E.E.C. would be jeopardized. Here again, it becomes a matter of what is stronger, politics or common sense.

Let us hope, that the E.E.C. realizes that oils and fats have their own position in the world as being excellent products at an attractive price, and that this situation must not be misused in order to subsidize products like butter and olive oil, where the price level is no longer competitive.

Now I come to the most difficult part of my task. To give you a projection of world production and marketing of rapeseed for the next ten years. If I knew with any certainty what the future will bring, I would be a very lucky man, and probably be lying in the sun in the south of France, rather than stand here trying to make a living by dealing in rapeseed and rapeseed oil. I would therefore like you to see my projection in this light and not write to me in 1980 to tell me how wrong I have been today.

If we base our assumptions on a world population of 3 billion in 1960, of about 3.5 billion in 1970, we can forecast 4.3 billion in 1980. At the same time we know that in 1960 we had a world consumption of all vegetable and animal oils and fats of 36 million tons or 12 kilos per capita and in 1969 a world consumption of 45½ million tons or 13 kilos per capita, we can extrapolate that this increased consumption per capita will grow to 13½ kilos in 1980. This means that with an estimated world population of 4.3 billion in 1980 production of fats and oils will be about 58 million tons against a present production of 45½ million ton, an increase of about 12½ million tons.

Summing it all up, the average annual increase for all oils and fats should be 1,056 million tons, and for the edible sector alone 812,000 tons, and for the liquid edible oils 660,000 tons . . . all on an oil basis. About 10 percent of this or 66,000 tons could be rapeseed oil. It calls for an annual increase of 172,000 tons of rapeseed. By 1975 world rapeseed production should be 6.4 million tons and by 1980 7.25 million. With the current estimated world production of 6.3 million tons, the room for growth is still very promising, provided that Canada does not continue to double her crop every year. Moreover, we have assumed here that the increase in the production of soybeans and sunflowerseed keeps up the same pace in the Seventies as it did in the Sixties, and if either one fails . . . the burden to perform better would be put on rapeseed.

All these figures are of course pure theory. The practice may be quite different. You will agree with me, and ask the question: who am I to forecast the future for you.

There are such unknown factors as the per capita consumption of oils and fats especially in the developing nations. The fat consumption in the developed nations is fairly stable and no great changes can be expected.

It is a different matter with the developing nations. If you observe that at the moment the consumption per capita in Asia is about 5 kilos, and that in 1980 at least half of the world population will live in Asia, you can imagine what will happen if alone in Asia people will start to eat 1 kilo more per capita per year. It would mean an increase of 2,200,000 tons of oils and fats. It would be even worse if the consumption of oils and fats in Asia were to go up to the current per capita consumption in South America of about 10 kilos per capita. This would mean an increase of 11 million tons per year. However, these are all ifs, and something quite different may happen.

I would like to conclude my observations with just one remark. Everything points to an increased demand for oils and fats. Through technical and chemical developments, excellent food products can be made from oils and fats and these commodities have gained a very important place in world nutrition. Therefore I can only recommend to you here in lovely Ste. Adèle, please go on to develop the production of rapeseed, which has found its firm place in the world of oils and fats. We shall do our best to find for you the markets abroad.

Thank you for the patience you have shown at this early morning hour to listen to me.