



Bi-weekly Bulletin

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AUSTRALIA: PULSE AND SPECIAL CROPS SITUATION AND OUTLOOK

Australia is a major competitor with Canada in international markets for dry peas, lentils and chickpeas. For 2006-2007, drought is expected to sharply reduce Australian production of dry peas and lentils, which will provide additional market opportunities for Canadian exporters. However, the production of chickpeas in Australia is expected to increase sharply, which will provide additional competition for Canadian exporters. Australian chickpea seeded area rose sharply and the main growing areas for chickpeas received more precipitation than the areas for the other pulse crops. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for pulse and special crops in Australia.

The main Australian pulse crops are seeded mostly in June, which is in the Australian fall, grown during the winter and harvested mainly in November and December. However, dry beans and sunflower seed are produced during the summer. Australian pulse and special crops yields are highly variable, in line with the variable rainfall received in the growing areas.

Drought and Crop Conditions in 2006-2007

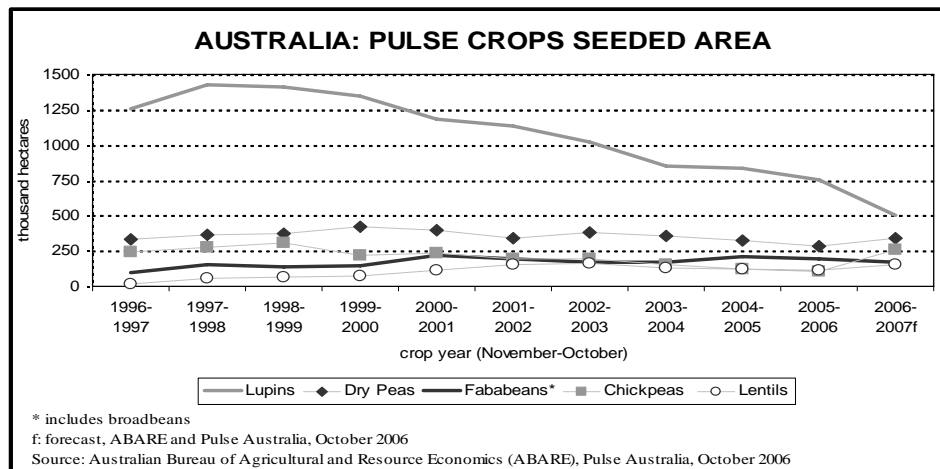
For 2006-2007 winter grown pulse crops, rainfall during the key crop growing months of June to October has been very much below average or the lowest on record, with the exception of central Queensland and pockets of New South Wales (NSW). The dryness has been exacerbated by temperatures that were well above average,

combined with periods of strong winds and frost (in some southern growing areas) during September and October. Some fields of pulse crops will not be harvested because they are too short to harvest or have low yield prospects. These have been grazed, cut for hay or desiccated to control weeds.

The 2006-2007 harvest started earlier than normal because of the drought and above normal temperatures, with the first fields harvested in mid-October in Queensland and northern NSW.

Lupins

Lupins are the largest pulse crop produced in Australia. There are two types of lupins produced in Australia, narrow leafed and sweet Albus. In most years, over 95% of the production is the narrow leafed type. They are produced mainly in Western Australia (WA), with smaller production in NSW, South Australia (SA) and Victoria. For 2006-2007, production is expected to fall from 1.08 million tonnes (Mt) in 2005-2006 to only 0.25 Mt because of lower seeded area and lower yields resulting from drought in the main growing areas.



In general, about half of Australian lupins are used domestically and half exported. Lupins are mostly used for livestock feed, although some are also used in aquaculture for feeding fish and for human food. Exports are

mostly to the EU, especially the Netherlands and Spain, and to eastern Asian countries, especially South Korea and Japan. In the EU feed market, Australian lupins compete to some extent with Canadian dry peas. Canadian dry peas are potential competitors with Australian lupins in eastern Asian feed markets. For 2006-2007, exports are forecast to decline from 536,000 t in 2005-2006 to only 41,000 t in 2006-2007. Low Australian exports will provide additional market opportunities for Canadian dry pea exporters into the EU feed markets.

Dry Peas

Dry peas are produced mainly in WA and SA, with smaller production in Victoria and NSW. About 90% of Australian dry pea production is dun peas, but yellow, green and Maple peas are also produced. Dun peas have greenish-brown seed coat and yellow cotyledon. For 2006-2007, although the seeded area increased, production is expected to decrease from 478,000 t in 2005-2006 to 206,000 t in 2006-2007 because of sharply lower yields due to drought.

Australian dry peas are mostly exported into the food market in India and other countries in southern Asia, where they compete with Canadian yellow peas. Domestic use is mostly for livestock feed and seed for planting. For 2006-2007, Australian

exports are forecast to drop from 215,000 t in 2005-2006 to only 73,000 t, which is expected to provide additional market opportunities for Canadian yellow peas in India and other countries in southern Asia.

Chickpeas

Australia produces mainly desi chickpeas, although some kabuli chickpeas are produced. Chickpeas are produced mainly in NSW, Queensland and Victoria. For 2006-2007, production is expected to nearly double to 239,000 t due to a sharply higher seeded area and near normal yields as the main chickpea growing areas had better moisture conditions than the growing areas of other pulse crops.

Australian chickpeas are mostly exported into the food market in India, Bangladesh and other countries of southern Asia, where they compete directly with Canadian desi and small kabuli chickpeas, and indirectly with Canadian yellow peas, because Canadian yellow peas are a substitute for chickpeas in lower priced markets. For 2006-2007, Australian exports are forecast to increase by 26% to 225,000 t. Higher Australian exports are expected to provide more competition for Canadian exporters.

Fababeans and Broadbeans

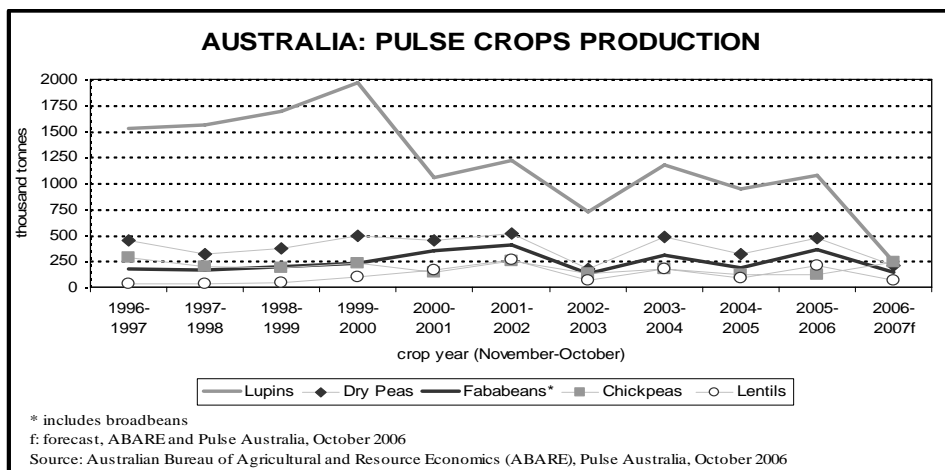
Fababeans and broadbeans are from the same species, but broadbeans have larger seed. Production of fababeans is much higher than production of broadbeans. Fababeans are produced mainly in SA, Victoria and NSW, while broadbeans are produced mainly in SA and Victoria. For 2006-2007, production is expected to fall sharply, from 359,000 t in 2005-2006 to 141,000 t, because of lower seeded area and much lower yields caused by drought.

Australian fababeans are mostly exported into the food market in Egypt and other countries in the Middle East, where they compete with Canadian fababeans. Broadbeans are exported to the Middle East and countries in south-east Asia. Australian exports are forecast to decline from 220,000 t in 2005-2006 to only 50,000 t in 2006-2007. Lower Australian exports are expected to provide less competition for Canadian fababean exporters in the Middle East.

Lentils

Nearly all of the lentils produced in Australia are the red type. Lentils are produced mainly in SA and Victoria. For 2006-2007, production is expected to drop sharply, from 210,000 t in 2005-2006 to only 66,000 t, as a higher seeded area is more than offset by sharply lower yields due to drought.

Australian lentils are mostly exported to food markets in southern Asia and the Middle East. Australian exports are forecast to decline from 200,000 t in 2005-2006 to only 55,000 in 2006-2007. Lower Australian exports are expected to provide less competition for Canadian red lentils exporters.



AUSTRALIA: PULSE AND SPECIAL CROPS AREA, PRODUCTION AND USE

| <i>crop year</i> | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---------------------------------|------------|------------|------------|------------|-------|-------|-------|-------|-------|--------|--------|
| <i>November-October</i> | -1997 | -1998 | -1999 | -2000 | -2001 | -2002 | -2003 | -2004 | -2005 | -2006p | -2007f |
| LUPINS | | | | | | | | | | | |
| Seeded Area (kha) | 1,259 | 1,424 | 1,407 | 1,347 | 1,180 | 1,139 | 1,025 | 851 | 839 | 754 | 500 |
| Yield (t/ha) | 1.21 | 1.10 | 1.21 | 1.46 | 0.89 | 1.07 | 0.71 | 1.39 | 1.12 | 1.43 | 0.49 |
| Production (kt) | 1,523 | 1,561 | 1,696 | 1,968 | 1,055 | 1,215 | 726 | 1,180 | 937 | 1,079 | 245 |
| Exports (kt) | 905 | 961 | 1,261 | 980 | 509 | 416 | 175 | 712 | 365 | 536 | 41 |
| Domestic Use (kt) | 618 | 600 | 643 | 567 | 546 | 599 | 750 | 468 | 508 | 593 | 204 |
| DRY PEAS | | | | | | | | | | | |
| Seeded Area (kha) | 336 | 367 | 370 | 423 | 397 | 337 | 380 | 354 | 321 | 280 | 342 |
| Yield (t/ha) | 1.35 | 0.86 | 1.00 | 1.17 | 1.15 | 1.52 | 0.47 | 1.38 | 0.90 | 1.71 | 0.60 |
| Production (kt) | 454 | 316 | 370 | 496 | 456 | 512 | 178 | 487 | 289 | 478 | 206 |
| Exports (kt) | 304 | 184 | 267 | 267 | 362 | 428 | 96 | 221 | 115 | 215 | 73 |
| Domestic Use (kt) | 149 | 132 | 31 | 91 | 97 | 87 | 85 | 89 | 96 | 146 | 148 |
| CHICKPEAS | | | | | | | | | | | |
| Seeded Area (kha) | 241 | 273 | 309 | 218 | 233 | 195 | 196 | 152 | 120 | 105 | 259 |
| Yield (t/ha) | 1.20 | 0.73 | 0.61 | 1.06 | 0.63 | 1.32 | 0.69 | 1.17 | 0.97 | 1.17 | 0.92 |
| <i>Production-Desi (kt)</i> | 288 | 199 | 188 | 230 | 139 | 234 | 133 | 170 | 109 | 111 | 223 |
| <i>Production-Kabuli (kt)</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 7 | 24 | 3 | 8 | 7 | 12 | 16 |
| Production-Total (kt) | 288 | 199 | 188 | 230 | 146 | 258 | 136 | 178 | 116 | 123 | 239 |
| Exports (kt) | 369 | 200 | 120 | 225 | 176 | 272 | 113 | 190 | 152 | 179 | 225 |
| Domestic Use (kt) | 31 | 34 | 28 | 27 | 12 | 13 | 13 | 9 | 9 | 19 | 21 |
| FABABEANS AND BROADBEANS | | | | | | | | | | | |
| Seeded Area (kha) | 97 | 155 | 135 | 147 | 222 | 198 | 172 | 170 | 209 | 197 | 168 |
| Yield (t/ha) | 1.76 | 1.05 | 1.44 | 1.54 | 1.58 | 2.05 | 0.78 | 1.79 | 0.87 | 1.82 | 0.84 |
| <i>Production-Fababeans</i> | 171 | 163 | 194 | 226 | 325 | 350 | 108 | 277 | 168 | 329 | 119 |
| <i>Production-Broadbeans</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 25 | 55 | 26 | 28 | 14 | 30 | 22 |
| Production-Total (kt) | 171 | 163 | 194 | 226 | 350 | 405 | 134 | 305 | 182 | 359 | 141 |
| Exports (kt) | 107 | 110 | 170 | 197 | 239 | 289 | 86 | 174 | 108 | 220 | 50 |
| LENTILS | | | | | | | | | | | |
| Seeded Area (kha) | 18 | 57 | 66 | 75 | 117 | 158 | 165 | 131 | 119 | 113 | 152 |
| Yield (t/ha) | 2.11 | 0.63 | 0.59 | 1.37 | 1.39 | 1.68 | 0.41 | 1.34 | 0.70 | 1.86 | 0.43 |
| Production (kt) | 38 | 36 | 39 | 103 | 163 | 266 | 67 | 175 | 83 | 210 | 66 |
| Exports (kt) | 0 | 1 | 25 | 134 | 218 | 242 | 85 | 150 | 108 | 200 | 55 |
| SUNFLOWER SEED | | | | | | | | | | | |
| Seeded Area (kha) | 139 | 92 | 167 | 120 | 105 | 79 | 40 | 46 | 46 | 79 | 85 |
| Yield (t/ha) | 1.17 | 1.07 | 1.25 | 1.23 | 1.10 | 0.89 | 0.63 | 1.26 | 1.35 | 1.24 | 1.18 |
| Production (kt) | 163 | 98 | 209 | 147 | 116 | 70 | 25 | 58 | 62 | 98 | 100 |
| Exports (kt) | 4 | 3 | 11 | 8 | 25 | 2 | 2 | 1 | 3 | 3 | 3 |

Notes: kha = thousand hectares; kt = thousand tonnes

f: forecast, October 2006

Seeded area and Production: Pulse Australia; except for sunflower seed which is ABARE

Domestic Use for lupins, dry peas and chickpeas: ABARE

Exports for lupins, dry peas and chickpeas: ABARE. The ABARE September 2006 forecast was reduced by the decrease in the production estimate from September to October.

Exports for fababeans and broadbeans, lentils and sunflower seed: AAFC

Source: October 2006

1996-1997 to 2005-2006

p: preliminary

Seeded Area and Production: ABARE

Exports and Domestic Use for lupins, dry peas and chickpeas: ABARE

Exports for fababeans and broadbeans, lentils and sunflower seed: FAOSTAT and Global Trade Atlas; except for 2005-2006 which are AAFC estimates.

Sunflower Seed

Sunflower seed is the only special crop produced in significant quantity in Australia. It is grown as a summer crop, nearly all in NSW and Queensland. More than 90% of Australian sunflower seed production is the oilseed type and the balance the confectionery type. For 2006-2007, production is expected to increase only marginally to 100,000 t, as a higher seeded area is mostly offset by lower yields.

Australian sunflower seed is mainly used domestically and export volumes are small, mainly to countries in the South Pacific and in southern and eastern Asia.

Other Pulse and Special Crops

Australia also produces several other pulse and special crops in small quantities, including: (1) pulse crops; dry beans (mostly mung, but also azuki and white pea) and vetch, and (2) special crops; safflower seed, canary seed and millet. Approximate annual production volumes for these crops are: dry beans 45,000 t, vetch 25,000 t, safflower seed 40,000 t, canary seed 5,000 t, millet 40,000 t.

Dry beans are mostly exported, about 40,000 per year, mainly to countries in southern and eastern Asia. Since Australia exports mostly mung beans, it generally does not compete with Canadian exporters. Vetch is generally used domestically for livestock feed. Safflower seed, canary seed and millet are mostly used domestically, although about 5,000 t per year of safflower seed are exported mainly to countries in southern and eastern Asia, and about 5,000 t per year of millet are exported to a wide range of countries in Asia and Europe.

Imports

Australia is a small importer of pulse and special crops, with approximate annual import volumes as follows: dry beans 8,000 t, dry peas 3,000 t, lentils 1,000 t and sunflower seed 1,000 t.

Trade with Canada

Trade in pulse and special crops between Canada and Australia is small. Canada annually exports about 2,000 t of dry beans and 500 t each of dry peas, lentils and mustard seed to Australia, and imports about 500 t of dry beans.

Transportation Advantage

Australian exporters have a major transportation advantage over their Canadian counterparts because the growing areas are located much closer to ports than the Canadian areas. Furthermore, all of the Australian ports are open throughout the year. The proximity to ports reduces the cost and complexity of transportation from the growing areas. In addition, Australian ports are much closer than Canadian ports to major markets for pulse crops in southern Asia and the Middle East

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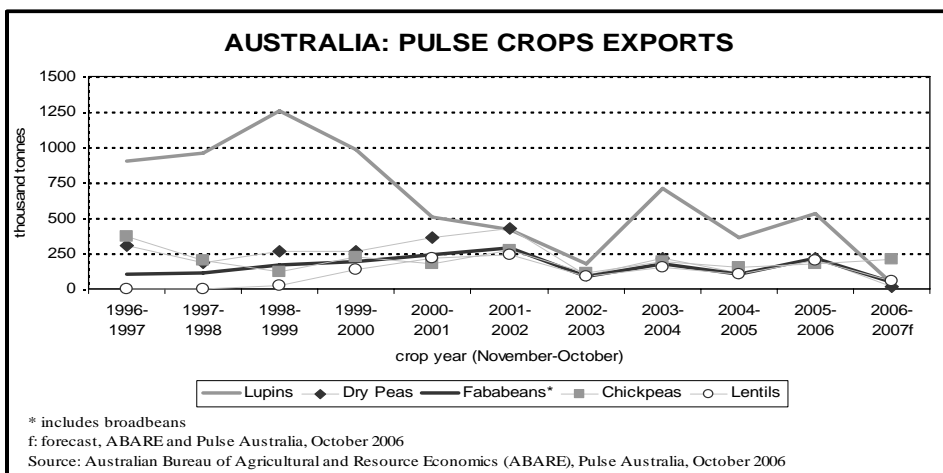
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