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## Where agronomically possible, rapeseed faces fierce competition

**Braunschweig, Germany, 9 September 2015** – *agri benchmark* was involved with three in-depth case studies of the on-farm competitiveness of rapeseed/canola versus other oilseed crops in Canada, Hungary, and Ukraine. Research was funded by German UFOP and others, and results were presented during the International Rapeseed Conference in Saskatoon, Canada on July 8, 2015. The bottom line: When a grower can choose among oilseeds, rapeseed often faces tough competition from soybeans or sunflowers.

A few points in these studies stand out:

- (1) When liquidity or production risk is an issue, soybeans tend to outcompete rapeseed. This is particularly of interest in Canada's Red River Valley and in Ukraine.
- (2) Rapeseed tends to be more responsive to intensive management and a higher level of inputs, making it more successful on top-performing farms than on average farms.
- (3) Oilseed choice also is affected by crop mix: Wheat goes hand in hand with rapeseed while corn works well with soybeans or sunflowers as spring crops.

In Canada's Red River Valley, soybeans have clearly established themselves as a second oilseed, with a return to land of more than \$200/ha - a 45% advantage over rapeseed. Beans also have 30% lower liquidity requirements than rapeseed, so the recent downward trend in commodity prices may further favor soybeans. Other factors favoring beans: They break up canola-heavy rotations, reducing overall risk and disease pressure and allowing use of different herbicide groups. They prolong the cropping season through later seeding and later harvest, allowing better use of labor and machinery. As the frost-free period is increasing due to climate change and shorter season bean varieties are available, the production risks are significantly reduced. Beans cope better with wet conditions and are less prone to heating in storage. On average, prices and price volatility are similar for canola and soybeans. New soybean processing plants are being built, which will strengthen farm gate prices. As a result, Western Canadian soybean acreage has been growing rapidly and the authors expect that trend to continue, although canola may not see as much competition in the in the colder northern regions.

Traditional crop production in Hungary is based on corn, although there is a growing interest in wheat, driven by foreign investors. Rapeseed clearly outperforms sunflowers in rotation with wheat. In addition, given its earlier harvest date, rapeseed is a good agronomic choice prior to wheat planting, while corn and soybeans go hand-in-hand because it is too late to plant rapeseed by the time corn is harvested. However, sunflowers dominate oilseed area in Hungary, with a share of 70%, compared with a 26% share for rapeseed and 4% for soybeans. Agronomic reasons for strong sunflower production include the fact that in the eastern part of Hungary, rapeseed faces a high risk of cold damage in winter and too hot, dry weather in the spring. This causes rapeseed yields to shrink from 2.7 t/ha in the West to 1.9 t/ha in the East. Sunflower yield shrinks more modestly, from 2.4 t/ha to 2.1 t/ha. For the average corn farmer, returns on land to sunflower are higher than for soybeans, the yield of which ranges widely (from 1-3.5 t/ha). Still, the new EU policy that provides subsidies for legumes is likely to prompt a small increase in soybean planting.

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We use internationally standardised methods to analyse farms, production systems and their profitability. Our farm-level knowledge is combined with an analysis of international commodity markets and value chains. In this way we are able to provide scientifically consistent and soundly based answers on strategic issues to decision-makers in policy, agriculture and agribusiness.

# PRESS RELEASE



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In Ukraine, oilseeds have seen massive growth in acreage and yields. The “newcomers,” rapeseed and soybeans, soared by 24% and 18%, respectively, while the more traditional sunflowers rose 3.8% between 2003 and 2013. On top-performing, independent farms, where wheat is the backbone of the rotation, rapeseed clearly outperforms sunflowers with a \$350/ha or 50% higher return to land. In addition, rapeseed is favored over soybeans due to the timing of harvest. On an average-performing, holding farm, on the other hand, the return to land is similar for rapeseed and soybeans, but soybeans carry much lower liquidity needs - on the order of \$100/ha or 20% below rapeseed. At real interest rates of about 10%, this will become an important issue for many producers, favoring soybeans over rapeseed. In addition, soybeans require less intensive management than rapeseed and therefore are more suitable to the industrial-style production prevalent on holding farms in Ukraine.

These studies highlight the important roles of production risk, costs, rotation practices and the management expertise of farm managers in influencing oilseed choice.

For the papers in their entirety:

<http://www.agribenchmark.org/cash-crop/sector-country-farm-information/oilseeds.html>

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