



# australian oilseed industry



## strategic plan 2020-2025

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The Plan has been prepared at a time where there are broader grain industry initiatives underway to harness and better deliver investments in industry-good activities. This plan will assist AOF to participate in and represent the oilseed industry's interests in future opportunities presented by these initiatives.

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## our. vision

A \$5 billion sustainable, internationally competitive, respected and cohesive industry that builds value by meeting market demands.

## our mission

The AOF Mission is to provide the leadership, support, and representation to implement the strategies and activities in the Industry's Strategic Plan and ensure that the Australian oilseed industry is able to capitalise on opportunities for value adding and growth.

# executive summary

This Industry Strategic Plan has been developed through a process involving wide industry consultation and aims to provide a 'roadmap' for the industry to ensure the future issues and opportunities identified by industry can be capitalised upon to deliver ongoing sustainable growth.

The rapidly evolving environment in which the industry operates creates many opportunities, such as changing consumer trends, emerging technology, new supply chains, changing and growing feed needs, new production regions and end-user driven sustainability requirements. Effectively adapting to and capitalising on these trends will enable the industry to grow and remain globally competitive.

The same evolving environment also presents challenges that have the potential to stand in the way of the industry fully capitalising on these the opportunities. Global policies on trade and bioenergy are fluid and create uncertainty, and this is likely to remain, or even intensify, in a post-COVID world, as self-sufficiency and protectionism sentiments rise. As an export-oriented industry, it is important that the oilseed sector is well positioned, well-resourced and well connected to Government to ensure it has a voice in these important areas. In addition, society is likely to continue to challenge the social license afforded to the industry, which has the potential to limit introduction of new technologies and practices, if not managed with a collaborative whole-of-industry approach. Compounded by environmental challenges such as scarcity of water and arable land and climate variability, the productive capacity of the planet to meet the demand for oilseed products is also under pressure.

However, 110 years of the oilseed industry in Australia has demonstrated its resilience, its determination and its preparedness to change. The inherent and demonstrated capability throughout the sector provides confidence that the priorities outlined in this Industry Plan can and will be addressed. This Industry Plan draws on these macro trends and identifies strategic actions for the industry centred around the four key themes of Market Access, Sustainability, Innovation and Consumer Focus, with the latter being at the core.

Underpinning these themes is the importance of Industry Leadership, ensuring the industry remains united and committed to undertaking the agreed actions. Market Access strategies are aimed at protecting and improving access to existing markets, while expanding into new markets and facilitating market entry for new products. Critical to these strategies is for the industry to remain fully engaged in the policy developments of the Australian Government and feeding back to Government trade restricting practices imposed by importing countries.

The Sustainability strategy is singularly focussed on ensuring the Australian oilseed industry is globally recognised as environmentally, socially and economically sustainable. The Australian oilseed industry leads the domestic grains industry in the implementation of internationally recognised sustainability practices, and this strong position serves to position the Australian industry well in the global context.

The industry has a proud tradition of proving what was once only imagined, and innovation has been at the core of this. Innovation strategies in this Plan are anchored in shaping the industry's innovation environment and identifying and communicating industry priorities. Additional strategies revolve around supporting industry freedom to operate and fostering innovation in the development of new products and new market opportunities.

A set of clear strategies have been developed, designed to ensure the final consumer/customer is better informed and better connected to the sector. These include a strategy to actively promote benefits of Australian oil and meal in domestic and international markets and ensuring there is a focus on delivering quality products that are tailored to end-user needs

This 2020 Oilseed Industry Plan is designed to help guide the industry to become even more sustainable and internationally competitive, focussed on customer needs while building on the legacy of being a respected and cohesive industry.







# situational analysis

The Australian oilseeds industry is a vibrant industry, with many thousands of individuals and families engaged in growing, transporting, processing and exporting close to \$3 billion worth of oilseed products. The Australian industry is ideally placed to capitalise on the growing consumer demand for food, feed and fuel. This plan is designed to articulate the priorities and strategies required to realise the industry's potential.

This oilseed industry Strategic Plan outlines the priorities for the Australian industry for the five years to 2025. This is the 5th five year plan for the industry, and as before, has been prepared through extensive industry consultation under the stewardship of the Australian Oilseed Federation.

The Plan recognises the dynamic nature of global oilseed supply and demand. It builds on the strong foundations of the past and identifies key trends and opportunities that will drive future value for the sector.

Four core strategic themes form the basis of this Plan, underpinned by the consumer drivers.

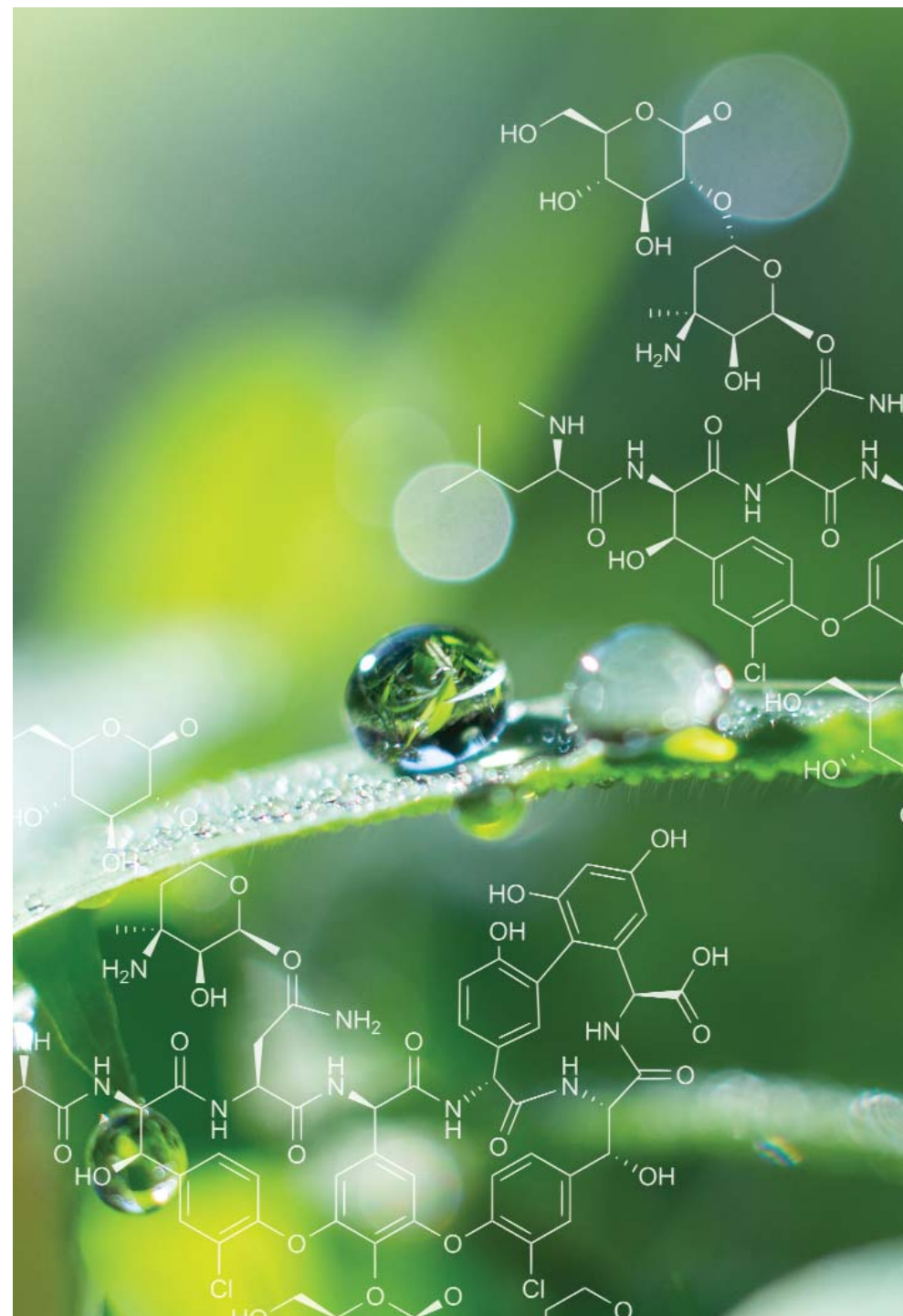
## consumer focus

This plan has been prepared at a time of global disruptions brought about by geopolitical tensions, COVID19 and rapidly evolving expectations of today's society.

Whilst acknowledging the current 'noise' of the global environment, this Plan is anchored on the one core immutable and ever-present fact that the **consumer of food, feed and fuel is at the centre of the future of the industry.**

The global oilseed market is continually evolving across the key market segments of **Food** (oil, protein, edible); **Feed** (meal and whole seed) **and Industrial** (diesel, lubricants, oleo chemicals). The value of oilseeds in the near term is supported by tightening supply, increasing demand for protein and growing demand for alternatives to fossil fuels.

Whilst canola dominates the production of oilseeds in Australia, crops such as safflowers, soybeans, and sunflowers add diversity and opportunities for growth and innovation in high value food and industrial oil markets, while cottonseed, a by-product of the cotton lint sector, is an important component of the feed and oil segments.



All market segments and commodity groups present viable growth opportunities for Australia through either further on-shore processing, increased productivity, and/or new or expanded exports.

## market access

**Market Access** remains a critical component of the Plan.



While Australia is a relatively small producer of oilseeds by global standards, it is the second largest exporter of canola and invariably in the top three cottonseed exporters.

The EU, China and Japan accounts for 94% of Australian canola seed exports, with the EU alone being representing 83%<sup>+</sup>. Two countries (Taiwan and South Korea) account for 93% of soybean exports, while the top five canola oil destination markets account for over two thirds of total exports.

This market concentration not only highlights the critical importance of maintaining market access to these key markets, but also developing alternate markets to mitigate the risk.

## sustainability

**Sustainability** has only grown in importance over the past five years and remains at the forefront of strategic imperatives.

While initially driven by the need to supply certified sustainable canola to the EU biodiesel **(fuel)** market, the sustainability imperative has broadened to the **food** and **feed** sectors. The Australian oilseed industry is at the forefront of being able to supply certified sustainable products to the local and global markets.

Australian oilseed sustainability certification is recognised by industry as a competitive advantage and must be protected and strengthened.

Many of the 17 Sustainable Development Goals adopted by the UN since the last plan have a direct link to the oilseed and broader agriculture sector and are at the forefront of sustainability initiatives by the oilseed end users in the food, feed, fibre and fuel sectors. It is beholden upon the oilseed industry to continually meet end user sustainability requirements.



## innovation

**Innovation** is the fourth strategic theme and extends beyond pure science-based innovation to processing, supply chain and capability innovation. Innovation, in all its forms, provides the key value creation for the industry.

The Australian oilseed industry has a long and successful history of innovation. Innovation in processing has enabled costs to be continually reduced in the sector, in particular labour costs, while capability innovation in the supply chain has positioned Australia in the strong position to be able to supply segregated non-GM canola and/or other market demands. Breeding innovation has created two world firsts in the development and commercialisation super high oleic safflower and DHA-producing canola.

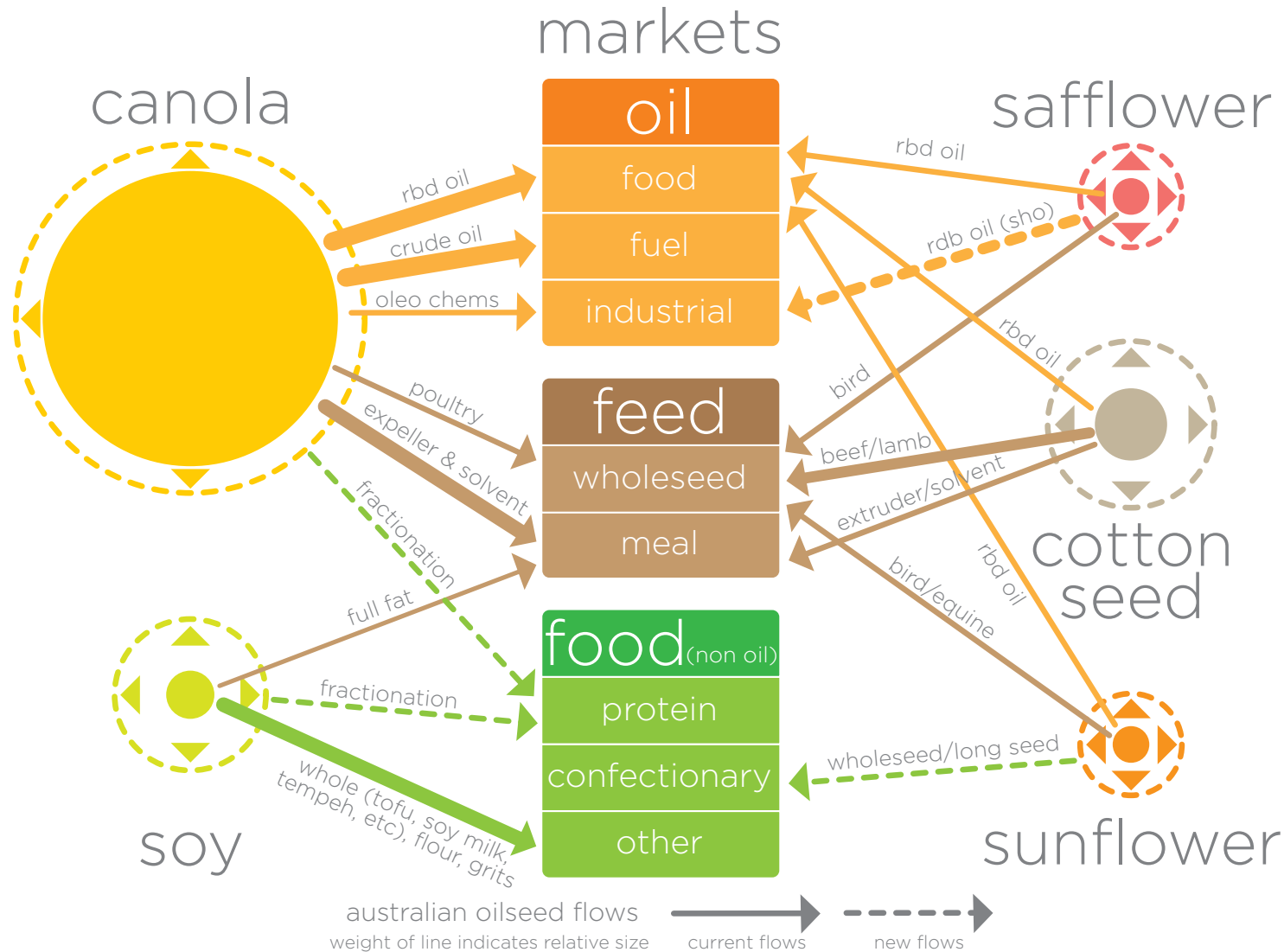
The pathway for continued innovation needs to be kept open across all fronts, and the industry, while recognising the achievements to date, expects peak industry body support to ensure ongoing access to innovation for the Australian oilseeds industry.

<sup>+</sup>Market Statistics: ABS 5 years to June 2020 for seed; Oilworld 5 years to Dec 2018 for oil.

# market based oilseed flows - current and the future

Core to the Plan is the positioning of the end-user at the centre of the strategies, rather than positioning the commodities at the centre. This approach has enabled this Plan to consider macro trends outside the traditional oils and meal markets, such as the growing opportunities in the plant protein, snacking, and

industrial markets. Through considering the broader set of opportunities, the 4 strategies of Market Access, Sustainability, Innovation and Consumer Focus have broader reach and provide more opportunities for the oilseed sector than might otherwise be the case





# opportunities

underpinning the vision

## Consumer Trends:

- Growing consumption, largely driven by the rising middle class in Asia of:
  - oil, in particular healthy oils
  - meal for feed as consumption of meat and dairy protein (and aquaculture) increases
- Strong demand for soy based foods (soy milk, tofu, etc) and snacks (sun) in traditional markets, and increased demand for these products in western markets favouring sun and soy
- Rapidly growing demand for plant based protein (soy, canola)
- Consumer pull/customer demand for sustainability certification – Australia well placed
- Growing market demand for sustainability certification

## Feed Demand:

- Canola breeding focus shifting towards protein levels and quality
- Growing awareness of role of canola meal in red meat rations
- Intensification of dairy sector- locally and globally- eps China and, longer term, India
- Greater penetration of NZ dairy market with canola meal
- Growth in aquaculture requiring non-marine oil and protein sources.
- Cottonseed increasingly valued as feed improving overall cotton value proposition

## Technology:

- Emergence of technology to develop protein for human food form (canola)
- Breeding technology providing new production and market opportunities
- Growing acceptance/application of GM canola for EU

## Supply Chain:

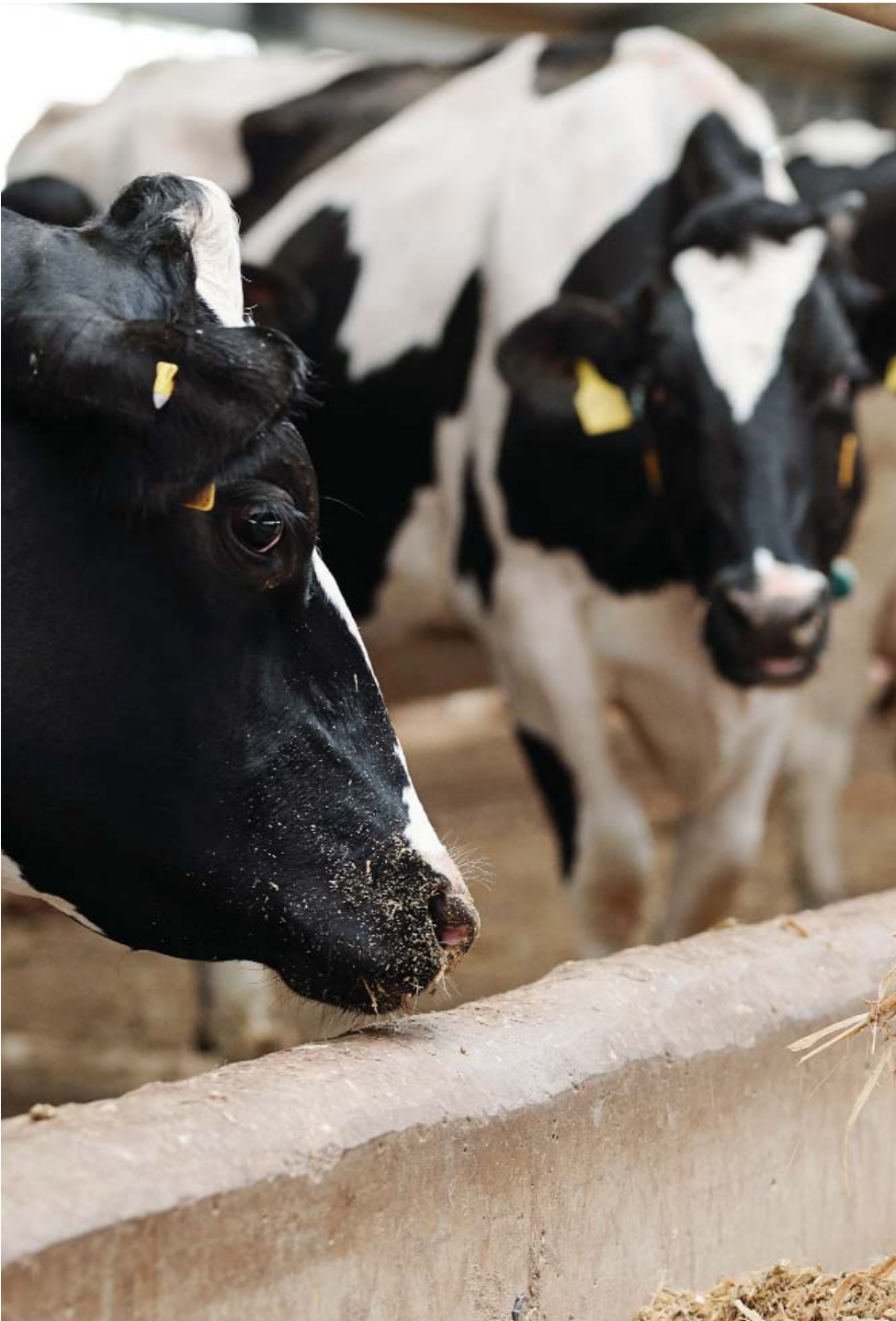
- Digitisation of the supply chain, with potential to deliver cost savings and increased efficiency
- Likely strengthening for on-shore manufacturing following COVID need highlighted bit?
- Processing/conversion technology improvements, in particular around energy costs

## Production Sector:

- Northern Australia potential for sunflower, soybeans and safflower

## Biofuel

- Growing market demand for sustainability certification



# challenges/risks

potentially restricting the vision

## Trade:

- Increasing policy uncertainties/trade tensions
- Geopolitical risks
- High reliance on EU market for canola (80+% of canola seed exports)

## Policy:

- Biodiesel demand likely to soften due both policy (food vs fuel, EU 'Farm to Fork') and alt technology (electric vehicles)
- Growing reliance in policy-driven biofuel mandates in the oilseed complex
- Tightening non-tariff barriers in post COVID world

## Supply Chain:

- Investment appetite/capacity in short term economic environment may hinder expansion
- Growing food safety concerns adding increased supply chain costs food safety may also be opportunity if importers turn to countries with better credentials
- Increased processing capacity and efficiency in Asia enhancing competition from imported oil

## Social Licence:

- Consumer acceptance of new breeding technologies.
- Demands for sustainability/provenance

## Production Sector:

- Changing climate likely to impact oilseed production (palm/canola/soy) more than other crops
- Supply growth likely to be constrained by availability of water and arable land
- Maintaining social licence with large scale ("Big Ag") production
- Tightening MRLs/chemical options may impact yield growth
- Smaller global crops (sunflower/linseed/etc) held back by lack of technology investment

# capacity/capability

enabling the vision

- Strong global and local investment in increasing farm and supply chain productivity
- Agronomic returns likely to favour oilseeds over coarse grains
- Continued investment in Australian supply chain efficiencies
- Extensive global breeding capability in canola and soy
- Oilseed sustainability certification scheme in place and readily scalable (SGA)
- Competitive yet collaborative domestic industry
- Established industry self governance capability (standards and methodologies, supply chain processes, etc)
- Collaborative nature of the industry to collectively address issues of common interest
- R&D capability
- Global reach enables capture and translation of market intelligence and/or market signals

# australian oilseed industry strategic priorities

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## consumer focus

- Actively promote benefits of Australian oil and meal in domestic and international markets
  - Focus on delivering quality products that are tailored to end-user needs
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## market access

- Protecting and improving access to existing markets
  - Expanding into new markets and facilitating market entry for new products
- 

## sustainability

- Australian Oilseed industry globally recognised as environmentally, socially and economically sustainable
- 

## innovation

- Shaping the industry's environment and identifying and communicating industry priorities
  - Supporting industry freedom to operate and fostering innovation
  - Identifying and supporting the development of new products and new market opportunities
-



# strategies

“the what”

## consumer focus

- Actively promote benefits of Australian oil and meal in domestic and international markets
- Proactive management of demand-threat issues
- Developing/ improving quality and products to meet changing consumer demands
- Identify new or expanded opportunities across food, feed and industrial sectors, and provide support as required

## market access

- Actively explore and support new market opportunities
- Identify and communicate non-tariff measures/market access priorities for the oilseed sector
- Work collaboratively as an industry with Government to address non-tariff measures
- Engage with and influence bilateral and multilateral trade negotiations
- Ensure path to market for new beneficial technologies/innovation
- Build stronger engagement with Government and agencies (state and federal)
- Work with other grain industry sectors/industry bodies to ensure an open and competitive trade environment

## sustainability

- Extend SGA scheme to oil/meal end-users
- Establish oilseed industry as 'best practice' amongst Australian crops
- Maintain vigilance on changing end-user expectations
- Actively engage with accepted certification schemes
- Promote and deliver good stewardship throughout the supply chain

## innovation

- Develop, communicate and facilitate alignment of industry R&D funds with industry needs
- Foster innovation pathways
- Strengthen global networks

## leadership/enablers

- Provide effective leadership
- Deliver targeted communication
- Facilitate industry collaboration to drive/support Plan actions
- Monitor changes in the broader grains industry operating models and consider options for AOF involvement

# consumer focus

actions “the how”

strategy	action
<ul style="list-style-type: none"> <li>Actively promote benefits of Australian oil and meal in domestic and international markets</li> </ul>	<ul style="list-style-type: none"> <li>Develop red-meat feed guide for canola meal</li> <li>Ensure website provides relevant fact sheets on oil and meal nutritional components</li> <li>Reinvigorate/Update Schools Kits</li> <li>Conduct min 3 per year food nutritional webinars</li> </ul>
<ul style="list-style-type: none"> <li>Proactive management of demand-threat issues</li> </ul>	<ul style="list-style-type: none"> <li>Maintain Issues Register</li> <li>Prepare key messages as required</li> <li>Maintain/nurture relationships with key bodies such as FSANZ, OGTR, etc</li> </ul>
<ul style="list-style-type: none"> <li>Developing/ improving quality and products to meet changing consumer demands</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate introduction of new/imported products through whole-of-industry representation/ promotion</li> </ul>
<ul style="list-style-type: none"> <li>Identify new or expanded opportunities across food, feed and industrial sectors, and provide support as required</li> </ul>	<ul style="list-style-type: none"> <li>Publish an annual report on new and emerging products and technologies related to the industry</li> </ul>

# market access

actions “the how”

strategy	action
<ul style="list-style-type: none"> <li>Actively explore and support new market opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Analyse new trade flows and explore broader opportunities- e.g. Vietnam, Nepal, etc</li> <li>Support market development opportunities being explored by industry sectors/companies.</li> </ul>
<ul style="list-style-type: none"> <li>Identify and communicate non- tariff measures/ market access priorities for the oilseed sector</li> </ul>	<ul style="list-style-type: none"> <li>Act as the conduit to identify for oilseed, oil and meal related access priorities to Grains Australia, and other relevant bodies.</li> <li>Undertake advocacy activities as required</li> </ul>
<ul style="list-style-type: none"> <li>Work collaboratively as an industry with Government to address non-tariff measures</li> </ul>	<ul style="list-style-type: none"> <li>Establish close working relationship/access to Grains Australia and GTA</li> <li>Maintain active presence on Federal Dept of Agriculture Grains Export Industry Consultative Committee (GPPEICC) and other industry group</li> <li>Undertake advocacy activities as required</li> </ul>
<ul style="list-style-type: none"> <li>Engage with and influence bilateral and multilateral trade negotiations</li> </ul>	<ul style="list-style-type: none"> <li>Ensure non-tariff measures are identified for EU and potential UK FTA, and other emerging FTAs</li> <li>Maintain discussion and liaison on FTAs such as RCEP and participate in reviews of key FTAs</li> </ul>
<ul style="list-style-type: none"> <li>Ensure path to market for new beneficial technologies/innovation</li> </ul>	<ul style="list-style-type: none"> <li>Maintain close working relationship with OGTR</li> <li>Work with GTA/IGTC to address social licence issues around innovation</li> <li>Continue to advocate for industry stewardship/ market choice</li> </ul>
<ul style="list-style-type: none"> <li>Build stronger engagement with Government and agencies (state and federal)</li> </ul>	<ul style="list-style-type: none"> <li>Regular (at least annual) face to face meetings with key departmental/agency leads</li> <li>Targeted communications to key departmental/ agency leads integrated to comms plan</li> </ul>
<ul style="list-style-type: none"> <li>Work with other grain industry sectors/industry bodies to ensure an open and competitive trade environment</li> </ul>	<ul style="list-style-type: none"> <li>Active participation on relevant GTA and Grains Australia committees.</li> </ul>

# sustainability

actions “the how”

strategy	action
<ul style="list-style-type: none"> <li>Establish oilseed industry approach as 'best practice' amongst Australian crops</li> </ul>	<ul style="list-style-type: none"> <li>Extend SGA scheme to oil/meal end-users</li> <li>Facilitate access to SGA by other crops</li> <li>Effectively communicate the SGA program to growers and broader grains industry, and market place</li> <li>Establish SGA as the a source of metrics for the industry</li> </ul>
<ul style="list-style-type: none"> <li>Maintain vigilance on changing end-user expectations</li> </ul>	<ul style="list-style-type: none"> <li>Deliver annual /'state of the nation' report on latest local and global end-user sustainability trends</li> </ul>
<ul style="list-style-type: none"> <li>Actively engage with accepted certification schemes</li> </ul>	<ul style="list-style-type: none"> <li>Achieve membership of ISCC</li> <li>Participate in ISCC regional and technical stakeholder dialogue</li> </ul>
<ul style="list-style-type: none"> <li>Promote and deliver good stewardship throughout the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Maintain close engagement with NWPGP</li> <li>Maintain close engagement with global groups fostering good stewardship such as the Centre for Food Integrity and Excellence through Stewardship program</li> </ul>

# innovation

actions “the how”

strategy	action
<ul style="list-style-type: none"> <li>Develop, communicate and facilitate alignment of industry R&amp;D funds with industry needs</li> </ul>	<ul style="list-style-type: none"> <li>Annual industry review to coordinate and consolidate industry views as to future requirements and communicate to R&amp;D funders (State depts, GRDC, Agrifutures, etc)</li> </ul>
<ul style="list-style-type: none"> <li>Foster innovation pathways</li> </ul>	<ul style="list-style-type: none"> <li>Actively support and advocate on behalf of industry innovation initiatives</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen global networks</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and strengthen relationships with IOPD, Canola Council, Soy Canada, IGC</li> </ul>



# leadership/enabling

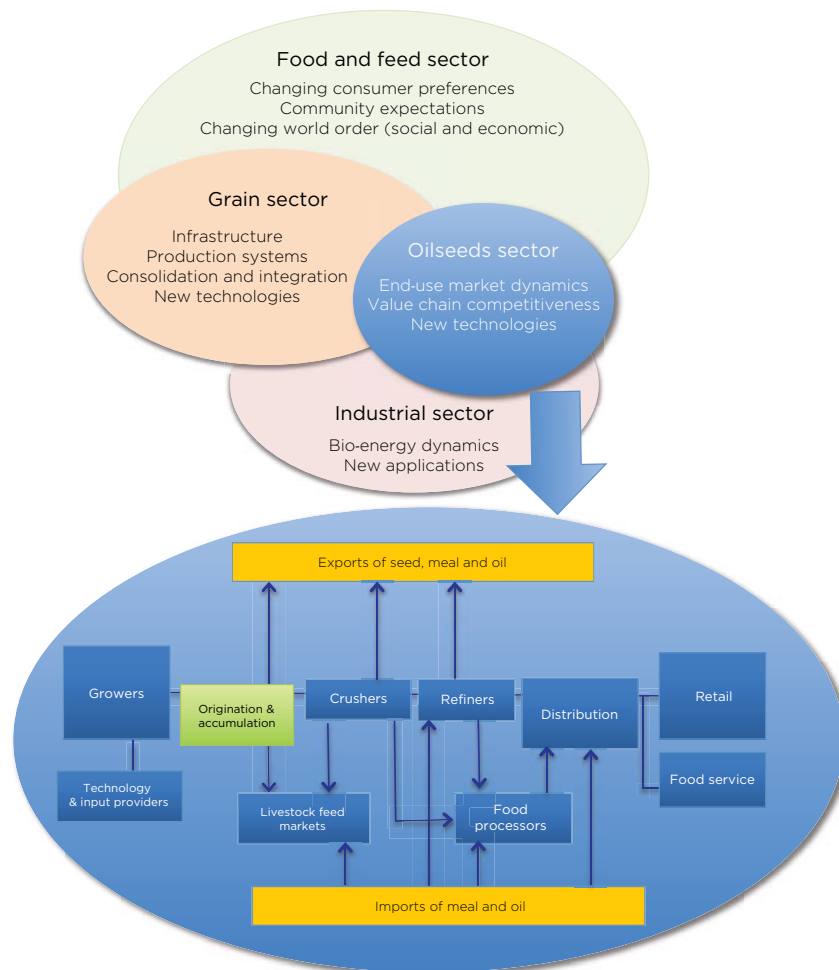
actions “the how”

strategy	action
<ul style="list-style-type: none"> <li>• Provide effective leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure oils industry leadership ( within Grains Aust, GTA, AOF, GRDC etc) is visible, accessible and action oriented</li> </ul>
<ul style="list-style-type: none"> <li>• Deliver targeted communication</li> </ul>	<ul style="list-style-type: none"> <li>• Establish strategic communications activity, across multiple channels, to engage, inform and unite the industry</li> </ul>
<ul style="list-style-type: none"> <li>• Facilitate industry collaboration to drive/ support Plan actions</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement communications and stakeholder engagement plan</li> <li>• Provide regular reporting against strategic plan actions</li> </ul>
<ul style="list-style-type: none"> <li>• Extend SGA to other crops</li> </ul>	<ul style="list-style-type: none"> <li>• Extend SGA beyond barley to wheat, soybeans, rice, sorghum, pulses, in line with market requirements</li> </ul>
<ul style="list-style-type: none"> <li>• Monitor changes in the broader grains industry operating models and consider options for AOF involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Engage productively and in good faith with Grains Australia, GTA, GPA, GRDC and GGL in assessing future of oilseed industry representation</li> </ul>

# appendix

The Plan is underpinned by the future drivers of the oilseeds sector, while also recognising the layered and interconnected contexts that affect participants and stakeholders in the sector.

This recognises that oilseeds value chain is impacted by major factors affecting the food, feed and industrial sectors, and also by dynamics shaping the grains sector which has significant overlap (e.g. infrastructure and ownership). The operating environment will be also directly influenced by a wider set of industry and social agendas.



# glossary

ABS	Australian Bureau of Statistics
AOF	Australian Oilseeds Federation
CRC	Cooperative Research Centre
DAWE	Department of Agriculture, Water and the Environment
DHA	Docosahexaenoic acid
EU	European Union
FSANZ	Food Standards Australia and New Zealand
FTA	Free Trade Agreements
GM	Genetic Modification
GPPEICC	Grains and Plant Products Export Industry Consultative Committee
GRDC	Grains Research and Development Corporation
GTA	Grain Trade Australia
IGTC	International Grain Trade Coalition
ISCC	International Sustainability and Carbon Certification
MRL	Maximum Residue Level
NZ	New Zealand
OGTR	Office of the Gene Technology Regulator
R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership (Brunei-Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam, Australia, China, India, Japan, Korea, and New Zealand)
SGA	Sustainable Grain Australia



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