The Australian Oilseeds Industry

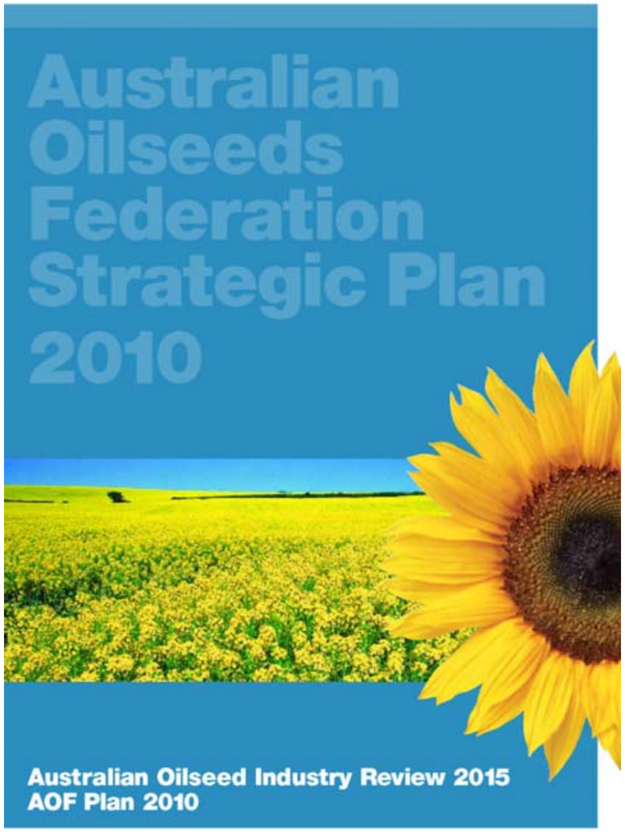
Focus on Soybeans

AOF Australian Oilseeds Federation

Creating value through diversity, innovation and excellence

Outline

- AOF 2010 Strategic Plan
- Soy challenges
- The soybean opportunity
- Working together to deliver benefits
- Future directions



The Australian Oilseed Strategy

Growing the industry to $3.3 billion by 2010

- **Australian oils industry is on cusp of major growth opportunity**
- **Global competition will require Australia to stay at forefront of innovation**
- **Value and volume are drivers**
- **What the industry needs**
  - **Better Varieties (quality and yield)**
  - **Market support (positioning on health)**
  - **Grower confidence**
  - **Investment**

The Industry's Plan for Growth

Today

- Replace hard fats with value enhanced soft oils
- Replace imported meals and improve value relativity of local meals
- Increased market share through quality enhanced products
- Access new food markets – edible beans
- Meet domestic demand for minor oils
- New markets - biodiesel
- New oils and foods for health and functionality
- Functional foods, nutraceuticals and pharmaceuticals

2010

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Soy challenges

Soy at a cross roads

- Low and variable production on back of poor seasons and lack of grower support
- New varieties emerging, but presence yet to be felt
- Industry lacks critical mass to attract market support
- Industry focus has shifted from oil to food
  - industry resources need to adjust
  - will involve non traditional players
  - organic an emerging focus
  - Premiums not sufficient to attract growers

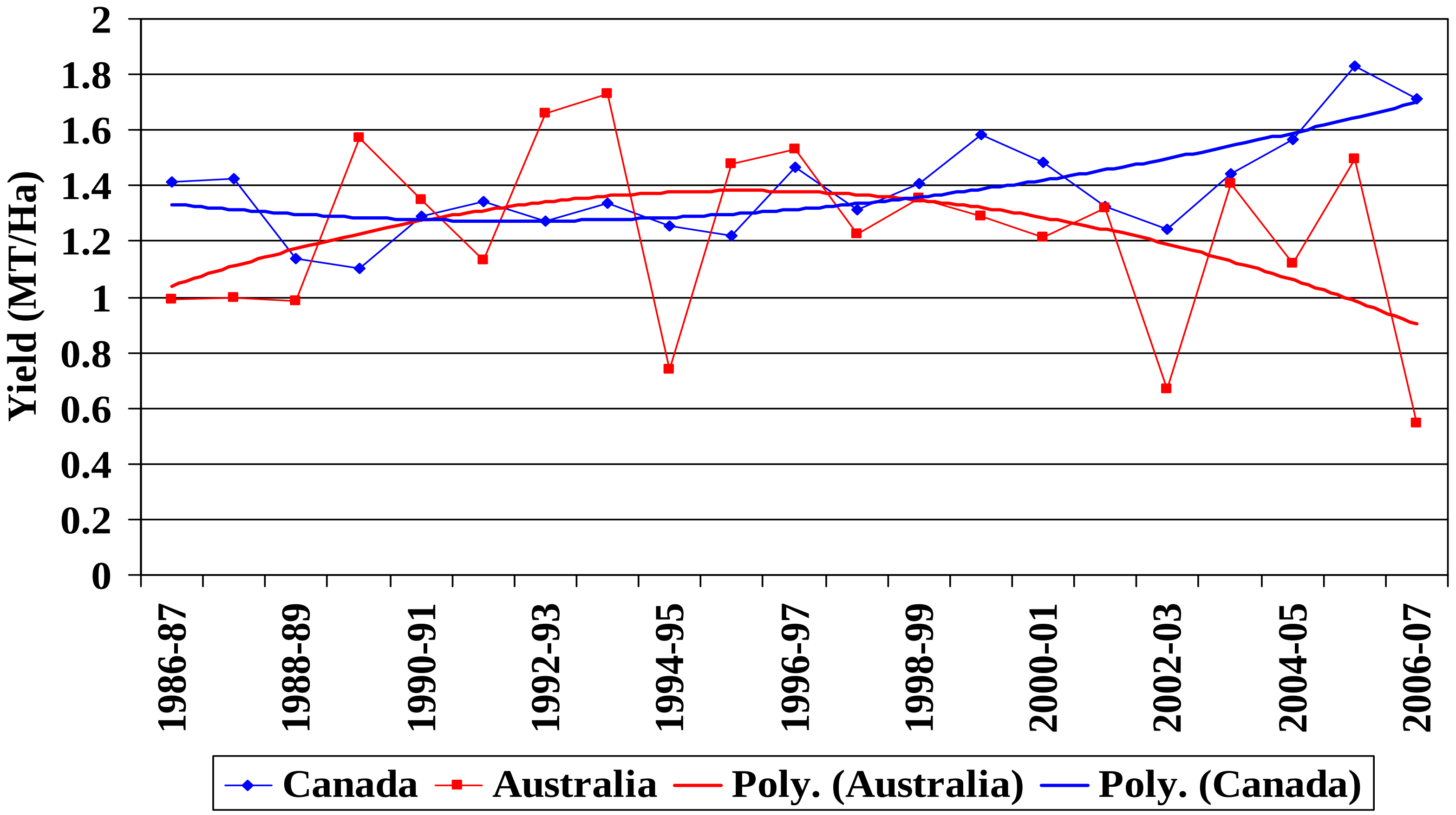
Grower capability – Raising the bar

- Partnership with GRDC to deliver the Oilseed Agronomy Project
  - Canola, sunflower and soybeans
  - Five states

- Industry Development Officer
  - Soybeans and canola

- Commodity group support
  - Formation of a single soybean voice progressing

Comparative yields – Australia and Canada



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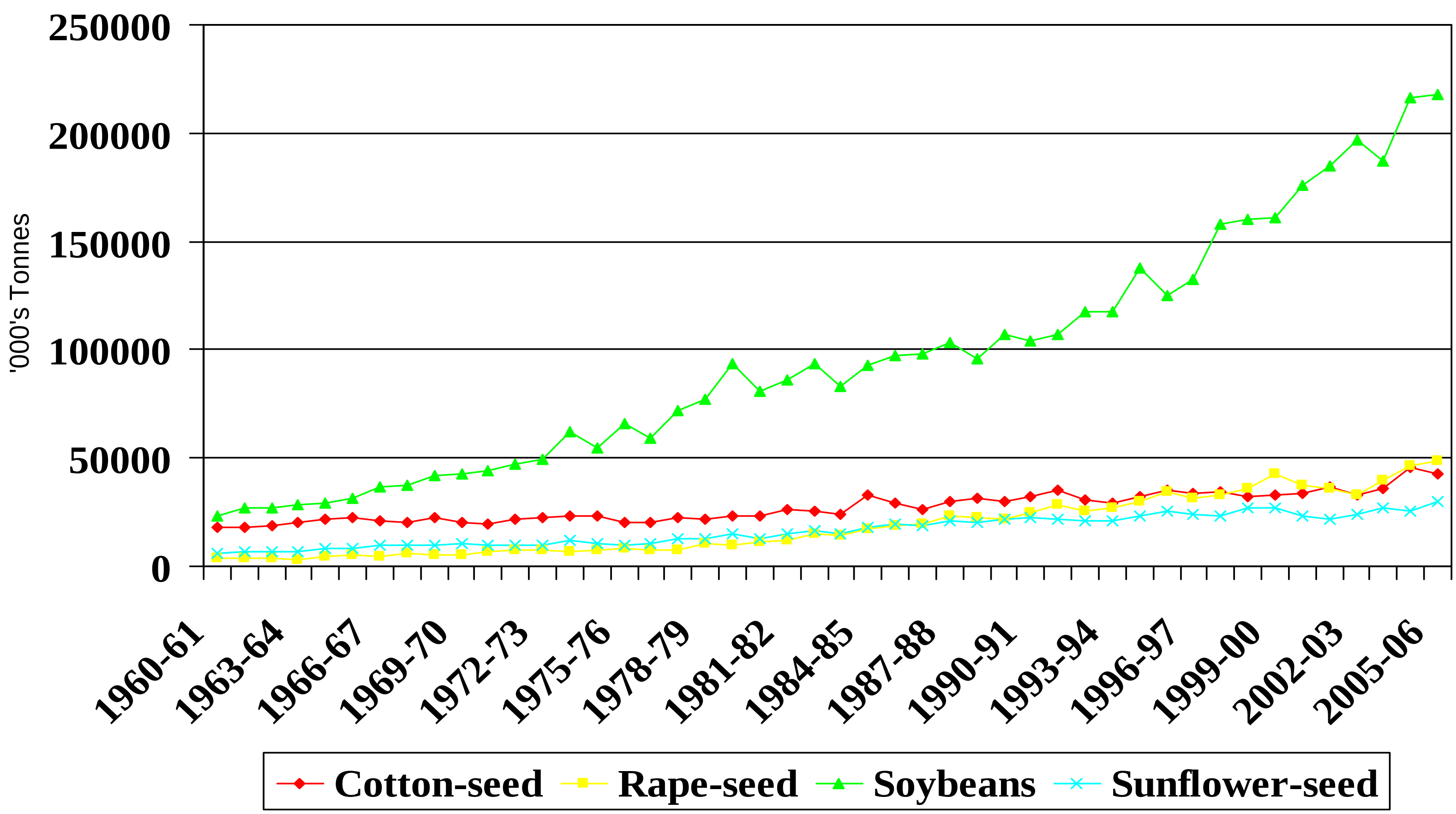
Source: ABARE Australian Commodities – March 2007

The soy opportunity

World oilseed production



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Source: ABARE Australian Commodities – March 2007

Traditional markets declining

- Globally soy oil maintains its dominance although palm oil increasing on price, functionality and health concerns around trans fate
- In Australia, the competitiveness of canola (volume and health) has pushed soy out
- Little intrinsic demand for soy and thus, competes on price
- Unlikely to win back share unless
  - New variants that have health and functional properties emerge
  - Biodiesel takes canola away from the BVO segment
  - Locally produced soy oil becomes more competitive

Soy opportunity – food markets

- Asian foods
- Soy milk
- Soy is moving mainstream in the food market
- But
  - flavour still limiting in some segments
  - GMO status and cost if seeking non-GM

The soy opportunity – wellness market

- Global food market shifting to healthier foods
- Functional foods/wellness market showing strong growth
  - Global market $US140 billion of which soy is US$4 billion
  - Soy segment growing at 5% per annum
  - Australia $US0.5 billon of which soy is $A103 million

Soy opportunity - meal

- Driven by growth in intensive livestock sector
  - Annual protein meal consumption 850,000 tonnes
- Imported soy meal increasing
  - 350-400,000 tonnes annually
- Full fat meal has a niche but under pressure from competitiveness of imported soy meal

Where to for the Australian soy industry?

Australian directions in soy

- Increased emphasis on edible markets
  - Tofu, natto, flour, milk
- Develop supporting infrastructure
  - Processing
  - Marketing
- Build production to create critical mass
  - Agronomy project
  - Work with other industries e.g. sugar, cotton, etc
- Investigate role of new technologies
  - biotech

Industry needs to work together

- AOF national soybean initiative
  - Maximise resources
  - Leverage collective strengths
- Build linkages with other industries
  - Beef and beans, sugar and beans
  - Future cotton and beans
- GRDC partnership to maximise research investment
  - Breeding support
  - Oilseed agronomy project
- Build skills to support shift to non traditional markets
  - Market and product development

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