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Germany

Oilseeds and Products

Winter Rapeseed Area to Hit Records Again

2007

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Report Highlights:
German winter rapeseed area for harvest in 2007 is estimated at 1.5 million hectares (ha) compared to 1.4 million ha in 2006. The increase in biodiesel production capacity in Germany has resulted in higher rapeseed oil prices and triggered an increase in crushing capacity. This translates into higher rapeseed prices and poses a strong incentive for farmers to expand their rapeseed area. The increase in rapeseed area is expected to result in a reduction of summer crops to be planted in Spring 2007 and voluntary fallow. The German Federal Office of Statistics reports the preliminary final 2006 rapeseed production at 5.3 million MT, a 5.3 percent increase over 2005.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Berlin [GM1]
[GM]

Winter Rapeseed Area Estimate for Harvest in Summer 2007

The German Federal Office of Statistics (***destatis***) estimates the area planted in 2006 with winter rapeseed for harvest in 2007 increased by 8.2 percent or about 120,000 ha to 1.52 million hectares (ha[1]). The geographical distribution of winter rapeseed area is shown in table 1. Summer rapeseed only plays a minor role in Germany, with an area between 16,000 and 49,000 ha in the past five years.

Table 1: Projected German Winter Rapeseed Area by State

State	Fall 2005 final (1000 ha)	Fall 2006 Estimate (1000 ha)	Change (in %)
Mecklenburg-West Pomerania	243.2	260.7	7.2
Saxony-Anhalt	159.8	177.0	10.8
Bavaria	160.6	168.3	4.8
Lower Saxony	128.8	148.0	14.9
Saxony	130.0	139.6	7.4
Brandenburg	123.6	131.4	6.3
Thuringia	114.5	124.9	9.1
Schleswig-Holstein	112.0	120.2	7.3
North Rhine-Westfalia	65.6	72.5	10.5
Baden-Wuerttemberg	68.5	71.8	4.8
Hessia	62.1	63.0	1.4
Rhineland-Palatinate	37.4	42.7	14.2
Saarland	3.2	3.4	6.3
Berlin, Bremen, Hamburg	0.6	n/a	n/a
Total	1409.9	1523.5	8.1

Source: Federal German Office of Statistics (destatis)

Area Extension Result of Expanded Crushing Capacity and Higher Rapeseed Prices

Demand for rapeseed oil from the food industry as well as from the biodiesel industry is growing. In 2006 crushing capacity limited rapeseed oil production which drove up rapeseed oil price in past year. Crushers expanded capacity by about 11 % or 700,000 MT in the course of 2006. Total German crushing capacity is currently estimated at about seven million MT. A further expansion is anticipated for 2007/2008.

At planting time (August 2006), rapeseed producer prices were 24 percent higher than the year before (illustrated in chart 1). Farmers have responded to the higher rapeseed price and expected further increase in demand with increased rapeseed plantings at the expense of summer crops and voluntary fallow[2]. While it is too early to assess which of the summer crops will be affected, industry sources indicate that sugar beets and oats are the most likely crops to face a reduction in area. Winter grains area has not suffered. In contrast, *destatis* also reports a 0.4 percent (about 20,000 ha) increase in winter grains area.

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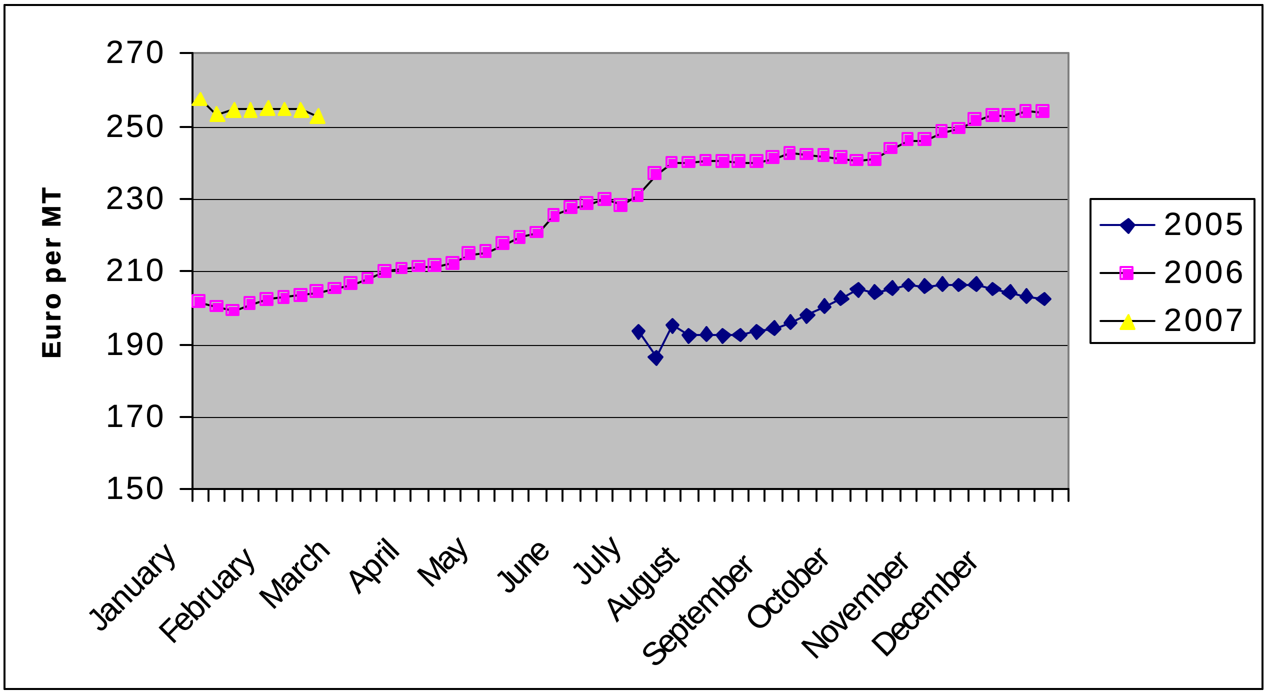
[1] 1 hectare = 2.471 acres

[2] Voluntary fallow is not the same as set-aside. Set-aside is a mandatory percentage of a farmers' area which they have to take out of production or farm under special contracts and only with plants for renewable resources. Industry sources indicate that all set-aside land suitable for rapeseed production is already planted with rapeseed, thus leaving little room for increase. In contrast, voluntary fallow is a result of farmer's decision to voluntarily take an area out of production, because they think it is not worthwhile farming this area. In this case the decision can be reversed whenever it deems economic to do so.

Chart 1: Average Weekly Producer Prices for Rapeseed in Germany



Source: German Market and Price Reporting Agency (ZMP)

Potential Production

Attempting a crop forecast at this point in time is still somewhat pre-mature because the amount of winter-kill and the weather during the flowering period have a large impact on yields. However, assuming an average yields, of 3.51 metric tons (MT) per ha[3], a potential 5.3 million MT could be harvested (winter rapeseed only).

Winter rapeseed is sown in the second half of August. The young plants develop a six to twelve leaf rosette before they go into dormancy over the winter. Winter rapeseed flowers in May and is harvested between the middle of July and the first week of August, depending on the region.

Preliminary Final Crop Estimate for 2006

The German Federal Office for Statistics reports the preliminary final rapeseed production for the 2006 harvest at 5.3 million MT (5.27 million MT winter rapeseed and 44,500 MT summer rapeseed). This is a increase of 5.3 percent compared to the harvest of 2005, when 5.05 million MT rapeseed were harvested. While yields were slightly (0.8 percent) lower in 2006 than in 2005, overall production was higher because of increased area. A lack of summer rain and high incidents of the pollen beetle (*Meligethes aeneus*) contributed to the lower yields. Details about the geographical distribution of rapeseed area, production, and yields are shown in tables 2 and 3.

[3] Average yield of winter rapeseed in the past five years. Yields in MT/ha were: 3.76 (2006), 3.78 (2005), 4.13 (2004), 2.92 (2003), 2.99 (2002).

Table 2: German Area and Production of Total Rapeseed[4] by State*

State	Area 2005 Final (1000 ha)	Area 2006 Preliminary Final (1000 ha)	Area Change (in %)	Production 2005 Final (million MT)	Production 2006 Preliminary Final (million MT)	Production Change (in %)
Mecklenburg-West Pomerania	233.3	241.6	3.6	898.6	920.7	2.5
Bavaria	157.1	163.1	3.8	572.8	613.1	7.0
Saxony-Anhalt	148.8	161.7	8.7	562.5	610.2	8.5
Lower Saxony	119.6	132.1	10.5	445.8	498.1	11.7
Saxony	121.7	130.2	7.0	457.6	453.5	-0.9
Schleswig-Holstein	105.0	112.4	7.0	435.8	437.6	0.4
Thuringia	110.7	115.7	4.5	404.9	432.4	6.8
Brandenburg	117.5	124.9	6.3	420.6	411.4	-2.2
Baden-Wuerttemberg	69.7	70.0	0.4	258.9	276.8	6.9
North Rhine-Westfalia	63.1	69.3	9.8	239.1	260.8	9.1
Hessia	57.7	63.0	9.2	208.0	243.8	17.2
Rhineland-Palatinate	36.0	37.4	3.9	133.3	144.5	8.4
Saarland	2.9	3.4	17.2	10.3	11.8	14.6
Berlin, Bremen, Hamburg	0.8	0.8	0.0	3.5	3.3	-5.7
Total	1343.9	1425.6	6.1	5051.7	5318.0	5.3

* ranked by production in 2006
Source: Federal German Office of Statistics (destatis)

Table 3: Rapeseed[5] Yields per Hectare by State

State	2005 Final (MT/ha)	2006 Preliminary Final (MT/ha)	Change (in %)
Baden-Wuerttemberg	3.71	3.96	6.74
Schleswig-Holstein	4.15	3.89	-6.27
Rhineland-Palatinate	3.70	3.87	4.59
Hessia	3.61	3.87	7.20
Mecklenburg-West Pomerania	3.85	3.81	-1.04
Saxony-Anhalt	3.78	3.77	-0.26
Lower Saxony	3.73	3.77	1.07
North Rhine-Westfalia	3.79	3.76	-0.79
Bavaria	3.65	3.76	3.01
Thuringia	3.66	3.74	2.19
Saxony	3.76	3.48	-7.45
Saarland	3.59	3.45	-3.90
Brandenburg	3.58	3.30	-7.82
Total	3.76	3.73	-0.80

* ranked by yield in 2006
Source: Federal German Office of Statistics (destatis)

[4] Total for winter and summer rapeseed
[5] Total for winter and summer rapeseed