

## CBH Grain Weekly Comment 3 March 2011

### Canola's on the radar

As seeding plans and preparation are well underway for the 2011-12 season, growers are asking what the market signals are for non-genetically modified and genetically modified canola.

CBH Grain is committed to marketing all canola produced by Australian growers to customers in a stable and competitive fashion and to returning the highest value irrespective of classification or grade. It is also our aim to provide clear market signals back to growers that reflect current trends in the market.

By far and away the biggest development this marketing season has been the increased demand for Australian non-GM sustainable canola from the European Union on the back of the burgeoning biofuel market. As part of the Renewable Energy Directive (RED) imposed this year, the EU has mandated an increased proportion of fuel to be produced by biomass (such as oilseeds or palm).

To ensure that this mandate has a net-positive effect on the environment, the EU has also introduced regulations to ensure that the biomass used is produced in a sustainable manner. Therefore, canola produced for the biofuel market in the EU will need to be certified as 'Sustainable'.

To meet this growing demand, CBH Grain is in the process of becoming accredited as a seller of Certified Sustainable canola. This involves an extensive audit process of both CBH Grain and a number of selected growers. The key phase of the grower audits for the 2010-11 crop has just been completed and the certification process is progressing well.

CBH Grain would like to thank all growers who have participated in the audit process for this season.

At this point in time, the spread between non-GM canola and generic canola is up to \$50 per tonne. There is no guarantee that this differential will remain as prices will fluctuate with market forces over the next 12 months. However, notwithstanding any unforeseen changes to supply or demand, we expect a premium to be maintained.

What is still unclear is the value the market will ascribe to Certified Sustainable canola. CBH Grain will provide updates and further guidance as the situation evolves. At present, we are unable to provide any guarantees though growers can keep an eye on price fluctuations via CBH Grain's daily cash prices.

If you would like more information on canola marketing, please contact your local CBH Grain Business Relationship Manager or visit [www.cbh.com.au](http://www.cbh.com.au)

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