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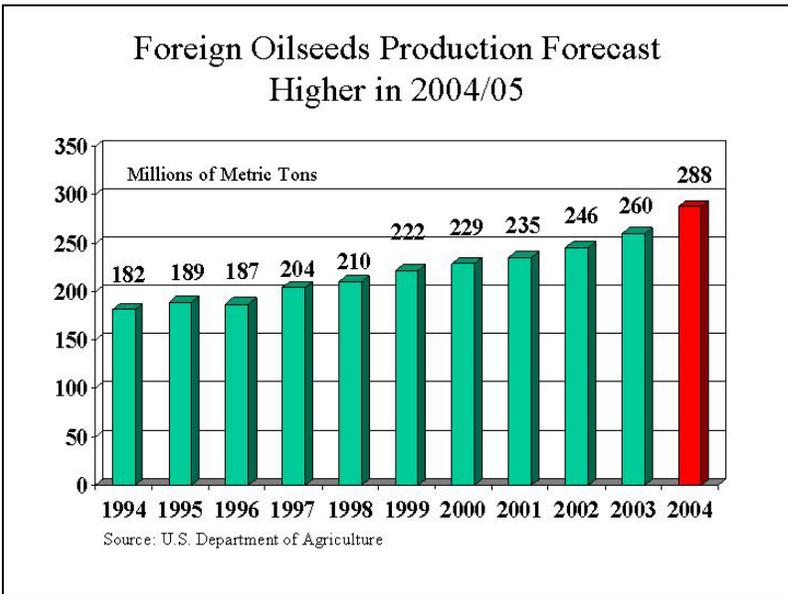
World Agricultural Production

World Oilseed Production To Jump in 2004/05

World Oilseed Production Up 13 Percent

World total oilseed production for 2004/05 is forecast at 378.3 million tons, up 42.6 million, or 13 percent from 2003/04. The chief reason for the large year-to-year increase is a return to normal yields. It is unlikely that last year's poor growing conditions in the three largest soybean producers – United States, Brazil, and Argentina – will recur.

Brazil soybean production is forecast at 66.0 million tons – still second to U.S. output, which is forecast at 81 million tons. U.S. soybean yield is forecast at 2.69 tons per hectare, up 20 percent from last year's drought-and-soybean-aphid-reduced crop. Brazil's yield is forecast at a slightly-below-trend 2.81 tons per hectare, up 15 percent from the 2003/04 crop. Harvest of Brazil's 2003/04 crop is nearly complete. Drought seriously damaged the crop in southern Brazil, while the Asian soybean rust epidemic limited yields in northern growing areas. Area for 2004/05 is expected to rise by 2.2 million hectares to 23.5 million, a slightly smaller rise than the additional 2.9 million increase estimated for 2002/03.



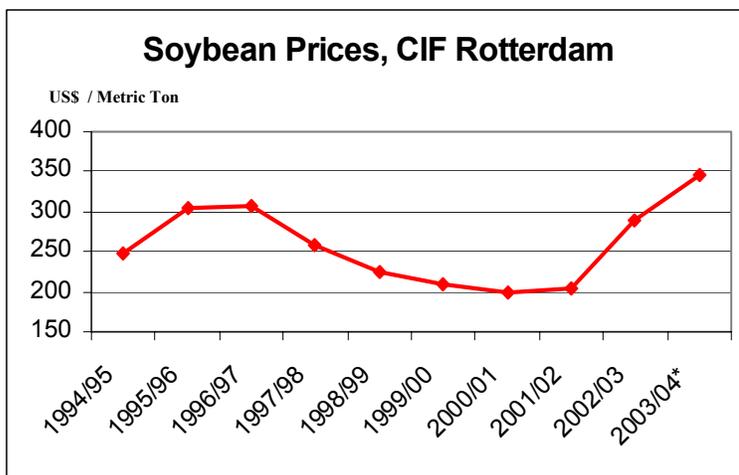
Higher diesel prices and declining (though still high) international soybean prices may take the edge off the rate of area expansion.

Soybean area expansion in Argentina is forecast at only 200,000 hectares, but a recovery to average yields is expected to bring production to 39.0 million tons. Drier than normal conditions reduced yields in the central provinces in 2003/04. The relative advantage of corn production in some growing areas is expected to cause a shifting from soybeans to corn, while soybeans will replace pasture in more northern regions.

A second reason for the larger world oilseed production is that high oilseed prices are encouraging expansion. Soybean prices in Rotterdam have averaged \$347 per ton from October into April in 2003/04, well above the 10-year average \$246 per ton. World prices for all other major oilseeds are also above their respective 10-year averages.

EU-25 total oilseed production is forecast to be up 11 percent to 25.9 million tons due to recovery from drought and increasing demand for biodiesel, which primarily benefits the rapeseed crop. Canada's production is forecast to be up 11 percent, to 10 million tons, based on indications that farmers have planted more soybeans and rapeseed. China's output is forecast to be up 14 percent on higher area and yield for soybeans and peanuts.

(For more information, contact Paul Provance at 202-720-0881.)



Source: Oil World

*Oct.-Sept. marketing year, 2003/04 through April

Canada Rapeseed and Soybean Production Forecast To Increase From Last Year

Rapeseed (canola) production in Canada is forecast to be 6.85 million tons in 2004, up from 6.67 million tons in 2003. Harvested area is projected to be 5.0 million hectares this year, up by 0.31 million, or nearly 7 percent from 4.69 million hectares last year. Rapeseed yield is forecast to be slightly below the 10-year average, at 1.37 tons per hectare. Over the winter, subsoil moisture conditions were a concern in the traditional rapeseed growing areas of the western prairie. Recent heavy rainfall in Manitoba has improved the soil moisture situation, but interrupted planting progress. If fieldwork continues to be delayed, some farmers who intended to plant rapeseed may switch to cereals that are less susceptible to an early frost.

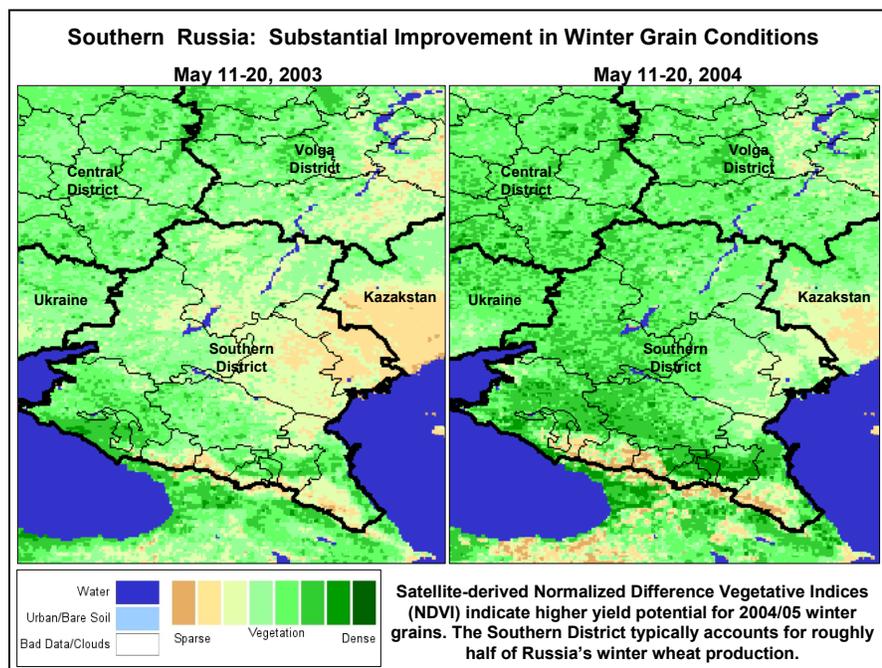
Soybean production in Canada is forecast to be 2.75 million tons in 2004, up from 2.27 million tons in 2003. Harvested area is projected to be a record 1.1 million hectares this year, up by 0.05 million, or nearly 5 percent from 1.05 million hectares last year. Soybean yield is forecast to be slightly above the 10-year average, at 2.5 tons per hectare. The vast majority of soybeans are grown in eastern Canada, in the provinces of Ontario and Quebec. In recent years, soybean area has steadily increased in Manitoba as short-season varieties were adopted. However, wet field conditions in eastern and prairie soybean growing regions suggest that farmers may not be able to carry out the planting intentions reported in April, dampening the year-to-year area increase. *(For more information, contact Jim Tringe at 202-690-0882.)*

Record 2004/05 Soybean Crop Expected in China

China's 2004/05 soybean production is estimated at a record 17.5 million tons, up 1.5 million or 9 percent from last year and up 1.0 million from the previous record set in 2002/03. Soybean area is estimated at a record 9.8 million hectares, up 500,000 or 5 percent from a year ago. The estimated yield of 1.79 tons per hectare is above the 5-year average and close to the long-term trend. According to a planting survey by the Ministry of Agriculture (MOA), farmers planned to increase soybean acreage by more than 13 percent this year in response to continuing strong demand from crushers and higher relative profits compared to corn. About 45 percent of China's soybean crop is produced in the northeastern part of the country. Spring weather has been favorable for the early development of soybeans in Heilongjiang, which alone produces about one-third of China's total output. However, unfavorably warm and dry conditions have developed over most of Jilin and Liaoning provinces, which may cause poor emergence in the drought-affected areas. On the North China Plain (30 percent of total production), planting conditions were generally favorable. Rainfall and temperatures have been close to normal and spring-sown soybeans should be developing well. *(For more information, contact Paulette Sandene at 202-690-0133.)*

Russia: Good Conditions for Winter Wheat, Slow Planting Progress for Spring Wheat

The USDA estimates Russia wheat production for 2004/05 at 42.0 million tons, up 2.0 million or 5 percent from last month and up 7.9 million or 23 percent from last year. Area is estimated at 24.0 million hectares, unchanged from last month, but up 1.9 million or 8 percent from last year. Winter wheat typically comprises about one-third of total wheat area but one-half of production since yield for winter wheat is frequently double that of spring wheat. Satellite imagery and local reports indicate that crop conditions are good in European Russia, where virtually all of the country's winter wheat is grown. Winterkill was below average this season, and down sharply from last year, when severe weather destroyed roughly 25 percent of Russia's winter grains. Meanwhile, spring wheat area is forecast to match last year's 10-year low, based on reported planting delays in Siberia. Spring wheat planting typically concludes in early June, and yields hinge largely on summer precipitation. *(For more information, contact Mark Lindeman at 202-690-0143.)*



Ukraine: Estimated Corn Area Reaches 15-Year High

The USDA estimates Ukraine corn production for 2004/05 at 6.6 million tons, up 1.6 million or 32 percent from last month, but down 0.3 million or 4 percent from last year. Area for 2004/05 is estimated at 2.2 million hectares, up 0.6 million from last month and up 0.2 million or 10 percent from last year. According to data from the State Statistical Committee, Ukraine farmers planted nearly 2.5 million hectares of corn, and harvested area is forecast at 2.2 million hectares. This marks the highest corn area since 1988/89, when 2.3 million hectares were harvested. *(For more information, contact Mark Lindeman at 202-690-0143.)*

Favorable Conditions in France Boost Wheat Production in European Union

Wheat production in the European Union (EU-25) is forecast to be a record 127.5 million tons in 2004, up 1.0 million from last month and up 21 million from 2003/04. Harvested area in 2004/05 is unchanged from last month at 23.2 million hectares, but up 1.3 million from 21.9 million hectares last year. The month-to-month production increase is a result of yield improvement in France, from 7.31 tons per hectare last month to 7.50 in June, because of favorable weather in May. Yield for the European Union is now forecast to be a record 5.50 tons per hectare, incrementally higher than the previous record of 5.49 in 1998. There have been no serious concerns about crop conditions in any of the other major wheat-producing countries in Europe this year, including Germany, the United Kingdom, Poland, Italy, and Spain. Some wheat is starting to be harvested in southern Spain, but most of the wheat in northern Europe will be harvested in July and August. Last year, winterkill, spring dryness, and a summer heat wave, combined, reduced area and yields to below-average levels. Area, yield, and production are forecast to rebound dramatically this year. *(For more information, contact Jim Tringe at 202-690-0882.)*

China's 2004/05 Wheat Yields Estimated Higher

China's 2004/05 wheat production is estimated at 85.0 million tons, up 1.0 million or 1 percent from last month, but down 1.5 million from last year's revised output of 86.5 million tons. The estimated area for 2004/05 is unchanged this month at 21.5 million hectares, down 0.5 million from last year and the lowest area on record. The estimated yield for 2004/05 was raised this month to 3.95 tons per hectare in response to favorable weather in May for filling and maturing wheat on the North China Plain. According to local Chinese officials, wheat production in Henan, China's largest wheat-producing province, is expected to be nearly 1 million tons higher than last year due to increased planted area and very good yields. This increase was achieved despite planting delays, reports of pest damage, and below-normal spring rainfall in some areas. China's 2004/05 winter wheat harvest is well underway and should be done by the end of the June. Widespread rainfall on the North China Plain over the past 30 days has caused some harvesting delays but is not expected to have a significant effect on wheat quality or yield. *(For more information, contact Paulette Sandene at 202-690-0133.)*

China Rice Production for 2003/04 and 2004/05 Revised Downward

China's 2004/05 milled rice production is estimated at 120.8 million tons (172.5 million tons, rough basis), down 1.75 million or 1 percent from last month, but up 7 percent from last year's revised crop of 112.5 million tons (160.7 million, rough basis). The estimated yield of 4.38 tons per hectare is unchanged, but area was revised downward based on changes to the 2003/04 rice area and production estimates. Last month, China's National Bureau of Statistics reported that rice production in 2003/04 dropped to the lowest level in more than 20 years. The drop was due to a combination of record-low planted area and unexpectedly low yields, particularly for the single rice crop. The government enacted several policies to encourage rice production in 2004, including direct subsidies to farmers and higher guaranteed purchase prices. In response, rice area is expected to rise by 3 percent to an estimated 27.6 million hectares this year. The early rice crop in southern China is currently at or near the heading stage, while the single rice crop in central China has been transplanted. Moisture supplies are adequate and the both crops should be developing well. *(For more information, contact Paulette Sandene at 202-690-0133.)*

China's Cotton Production in 2004/05 Up Sharply

China's 2004/05 cotton production is expected to reach 29.0 million bales (6.31 million tons), up 6.7 million or 30 percent from last year. Cotton area is estimated at 5.7 million hectares, up 12 percent from a year ago, continuing an upward trend. The forecast yield of 1,108 kilograms per hectare is up 17 percent from last year's weather-affected yield, but lower than the record yield of 1,176 kilograms set in 2002/03.

According to preliminary planting results, cotton area is expected to increase in nearly all provinces this year, with the largest year-to-year area increase in the North China Plain (up 15 to 20 percent). Cotton prices rose steeply after last year's unexpectedly low harvest of 22.3 million bales, which encouraged farmers to increase their cotton acreage for the 2004/05 crop. Some preliminary area estimates were as high as 6.0 million hectares, but the latest estimates by Chinese officials range from 5.5 to 5.7 million hectares. This is still significantly lower than the record area of 6.9 million hectares reached in 1984.

Planting conditions for spring cotton (sown in April and May) were favorable on the North China Plain and the Yangtze River Valley. Rainfall was near normal and temperatures were mild. In Xinjiang, planting conditions were much more favorable than last year, when the province suffered from cold and wet spring weather. The sowing of summer cotton (about 10 percent of total cotton area) on the North China Plain will take place after the winter wheat harvest, which will be completed by the end of June. Widespread rainfall in eastern China over the past 30 days caused some minor wheat harvesting delays but it improved soil moisture for vegetative spring-sown cotton and will aid summer cotton planting and emergence. *(For more information, contact Paulette Sandene at 202-690-0133.)*

This report uses information from the Foreign Agricultural Service's (FAS) global network of agricultural attachés and counselors, official statistics of foreign governments and other foreign source materials, and the results of economic and satellite imagery analysis. Estimates of foreign area, yield, and production are from the Production Estimates and Crop Assessment Division, FAS, and are reviewed by USDA's Inter-Agency Commodity Estimates Committees. Estimates of U.S. area, yield, and production are from USDA's National Agricultural Statistics Service. Numbers within the report may not add to totals because of rounding. This report reflects official USDA estimates released in the World Agricultural Supply and Demand Estimates (WASDE-411), June 10, 2004.

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The Production Estimates and Crop Assessment Division, FAS, prepared this report. The next issue of World Agricultural Production will be released after 9:00 a.m. Eastern Time on July 12, 2004.

Conversion Table

Metric tons to bushels

Wheat, soybeans	=	MT * 36.7437
Corn, sorghum, rye	=	MT * 39.36825
Barley	=	MT * 45.929625
Oats	=	MT * 68.894438

Metric tons to 480-lb bales

Cotton	=	MT * 4.592917
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Metric tons to hundredweight

Rice	=	MT * 22.04622
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Area & weight

1 hectare	=	2.471044 acres
1 kilogram	=	2.204622 pounds

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