POLICY BRIEF

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The future of oilseed rape production in the Wetterau region, Germany

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Oilseed rape is grown by farmers in many regions throughout Germany. In the Federal States of Mecklenburg-Vorpommern and Schleswig-Holstein, oilseed rape plays an important role in crop rotation (up to 33%). In the Wetterau area, arable farms cultivate oilseed rape on approximately 10-15% of their fields. The supply chains for oilseed rape typically lack the opportunity for product differentiation. For example, due to problems with a variety of pests, organic production is very difficult and as such, there is no organic supply chain in the Wetterau area. Most of the production of oilseed rape must compete on international markets with vegetable oil and seeds, with the price received highly dependent on the price of crude oil, soy and soya beans. As such, the future economic viability and sustainability of oilseed rape cultivation in the Wetterau faces a variety of challenges, despite the natural conditions in the area being comparatively favourable. Wetterau has above-average soil fertility, favourable climatic conditions and the proximity to consumer groups that are able to pay reasonable prices for high-quality and regionally produced food.

This research is based on work conducted within a particular context in Hesse, in the centre of Germany, but is likely to resonate in other German areas that have oilseed rape production as part of their arable rotations. The following key messages are intended to draw attention to the main issues that have arisen out of the research conducted and which have potential policy implications for the future viability of oilseed rape production in the Wetterau region of Germany.

Key messages

- It is likely that the level of regulation for rapeseed cultivation within European Union (EU) will continue to be high in comparison with those countries outside the EU. According to industry experts, the contradiction between high regulation on the one hand and open markets for imported vegetable oils on the other, represents a structural disadvantage for EU producers in general, and German producers in particular. As such, it will be crucial to ensure that imports from third countries are subject to the same regulatory requirements and standards as EU producers.
- There is little scope for producers to reduce their costs in the future, as they have already largely exhausted this potential. Expanding the area under cultivation (to exploit economies of scale) would be advantageous from a business management point of view. In practice, however, this is not feasible due to the

high level of demand for land in the Wetterau. The Rhine-Main metropolitan region is growing, with increased residential and industrial areas, road and rail traffic, and measures in favour of nature conservation, which drives up both rental and purchase prices for arable land.

- Pest control and other production risks can be reduced through the development of new varieties, e.g. through processes such as CRISPR/Cas, new synthetic chemical plant protection products, innovative mechanical processes or through the application of other arable technologies such as geo-referencing. The key to this is political support geared towards more research and innovation, especially in relation to plant protection in an effort to control costs.
- The future of arable farming in this area also depends on the development of better margins. At present, rapeseed is sold mainly for the production of edible oil, biofuels and protein feed. Research has already been carried out that highlights the many possible uses of rapeseed, with the potential for a consequent increase in the use of rapeseed oil. This applies in particular to the food sector, which is interested in replacing palm fat with rapeseed oil in the future. Industry experts point out that there are many other possibilities for using rapeseed in food, chemical and medical industries. A prerequisite, however, is that research be expanded and that policy support for innovation be stepped up, in an effort to secure more significant contributions to the competitiveness of domestic rapeseed cultivation.
- According to experts from the region, Wetterau is likely to continue to produce high-quality rapeseed into the future, mainly due to high plant and soil health within the region. In the past, short crop rotation depended heavily on chemical plant protection. With higher levels of resistance and less chemicals available, farmers have recognised the need to widen their crop rotation. The sustainability of the production processes (both perceived and actual) will play a decisive role in developing differentiated markets for both oil and protein from rapeseed. Key to the development of such niches are policies / initiatives that help to raise consumer awareness of the benefits of sustainably produced food. In this respect, the willingness of consumers to pay a premium price for high-quality and regionally produced arable crops, is vital. Nevertheless, despite the potential of new market opportunities, it is likely that only relatively few farms will benefit from this. The bulk of rapeseed production will continue to be sold as biofuel or animal feed, not least because of the large quantities involved.

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