

Thursday, May 14, 2009

**** SPECIAL REPORT: How Two New Super Crops Could Be an Investor's Dream**

Global Opportunities: In the Know

****Two Crops of the Century Are an Investor's Green Dream.** This boots-on-the ground report comes to us from Archie Bayvel, writing from Kununurra, in Australia's far northwest, where he tells about demand for two "super" crops, which could be an investor's dream.

Insider Note: This is Part 1 of his report. Part 2 will be published next week.

As the American West battles water shortages, a remote Australian valley with more fresh water than it can ever use is setting itself up for what may be the Western world's last land rush.

Eight hundred miles north of Western Australia's red dust mining ports, the remote inland village of Kununurra is the center of a vast oasis of agriculture in Never-Never country called The Kimberley. It is the center of the Ord River Irrigation Project established here some 50 years ago as a tentative step towards the Australian dream of populating its vast north.

Now strongly established with a man-made inland sea, Lake Argyle, providing flood irrigation at prices that would cause heart attacks in San Diego, Las Vegas and a dozen other U.S. water crisis centers, the irrigation area is about to more than double. The West Australian and federal governments are kick-starting irrigation of 16,000 hectares (about 40,000 acres) by contributing AUSS\$400 million over the next four years.

That will add 40 new 400-hectare (read 1,000-acre) farms to draw water from Lake Argyle. All big-ticket items such as native title and environmental issues have already been ticked off. All blocks will have 100% water availability and land prices are around \$12,000 per hectare; or \$5 million for a 400-hectare farm. Dates for first plantings are set sometime around 2011.

Expect a land rush when the sale is announced, recession or not. Jeff Strickland, CEO of the project says: "With government pledged to the expansion its economy is insulated against recession."

And that's only the first of several secrets of the remote Ord River valley. Another is that it has quietly become the world center of two new products heading to become the crops of the century. For investors who must stay ahead of the pack, these two new commodities will be a surprise. In the past two years they have come to dominate almost 60% of the Ord's existing acreage.

The first crop is **Indian sandalwood!** When you've stopped gasping over that revelation, please know that sandalwood oil sells for AUD\$2,890 (US\$2,020) a kilo and prize parcels of its wood have sold at auction for up to AUD\$130,000 (US\$90,829) per ton. It is the world's most expensive hardwood.

When it comes into production at the Ord's plantations it will routinely sell in contract packages of

AUD\$50,000-\$60,000 per ton. Its fragrant sawdust alone is worth AUD\$4,000 a ton for incense.

You'll find Indian sandalwood in Chanel No. 5 and its oil used by Estee Lauder, Christian Dior, Calvin Klein et al. It has significant cultural and religious significance across Asia and is also approved by Islamic tradition with musk, amber, jasmine and myrrh.

India traditionally provided 90% of the world's sandalwood for skin-care lotions, soap, candles and incense, but exploitation destroyed this monopoly and the average price of its sandalwood has increased by 21% per average compound over the past 16 years.

A few trees in India are hundreds of years old, 30 meters high and a meter in diameter, but they are rare and protected. To safeguard against poachers and provide third-party certainty, all sandalwood sold into the USA must have its growth chain certified against illegal harvest.

The Ord's other new commodity has been known in the Americas for thousands of years. It is CHIA, the Aztec athletes' food now scientifically accepted as a super-grain high in omega-3 and omega-6. It takes 100 days to grow to harvest.

John Foss, an entrepreneurial WA farmer is responsible for the large-scale re-discovery of chia. Foss basically marshalled others to grow chia under contract with him. They formed The Chia Company, which grows and markets the seed to the world. Development crops have been grown for four years and now occupy about 1,000 hectares on the Ord.

Currently available in U.S. boutique food stores, the Australian-grown chia is on the verge of being sold into the large bread and bakery companies of the U.S., Asia and Australia.

The company funded its development from owners but will look for external partners sooner rather than later. Figures may never be as shockingly glamorous as sandalwood's \$130K per ton peak, but it is a super-food coming into its own when a world food shortage is on the 2030 horizon.

Price guesstimates are around six times canola's daily global fix. So if canola's at US\$387.9 a ton (as of May 6, 2009), that's US\$2,327.46 a ton for chia; with cropping at, say, 1½ tons per hectare, then 400 hectares looks not bad at A\$1,396,476 for a 100-day crop every season.

The new irrigation area has caused more than a frisson of excitement among sandalwood and chia growers and they will be keen contenders when the purchase rules are announced.

How bidders will be selected has yet to be decided. The original 1960s Ord selection was by ballot for 240-hectare lots, but this time it will have stringent competence and financial criteria. International individuals and corporations are sure to be contenders.

In part 2 of this special report, I'll tell you about two investment funds that may be suitable investments to take advantage of these super-crops.

That's it for this issue of *Insider*. Until next time, here's to a world of opportunities.

Sincerely,



Sandy Franks
Executive Publisher
Taipan Publishing Group

P.S. Did you know that Australia is one of the countries included in the Ultra Resource Index CD? We choose Australia for its vast natural resources and almost unlimited commodities. As the global recession unwinds, and commodity demand picks up, emerging countries such as China and India will turn to Australia. [**You can learn more about the Ultra Resource Index CD right here.**](#)

Having trouble getting your emails? Add us to your address book. [Get Instructions here..](#)
[Copyright](#) © 2009 by Taipan Publishing Group LLC. All rights reserved.

[**Sign up for our FREE Financial News e-letter here!**](#)