

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

### Oilseeds and Products Annual

**2013**

**Approved By:**

Robin Gray

**Prepared By:**

Erin Danielson

**Report Highlights:**

Acreage is expected to decline but yields are forecast to return to normal for the 2013 oilseeds crop, which should result in greater supplies; however, weather, producer psychology and prices are some of the major unknowns and could significantly impact this outlook. Total oilseed exports are forecast to decrease 10% in marketing year (MY) 2012/2013, largely due to decreased canola production. In MY 2013/2014, total oilseed exports are expected to rebound as domestic supplies of canola and soybeans increase. Total crush for MY 2012/2013 is expected to reach 8.6 MMT. Increased production will support meal and oil exports in MY 2013/2014.

## **OILSEEDS AND PRODUCTS ANNUAL REPORT - 2013**

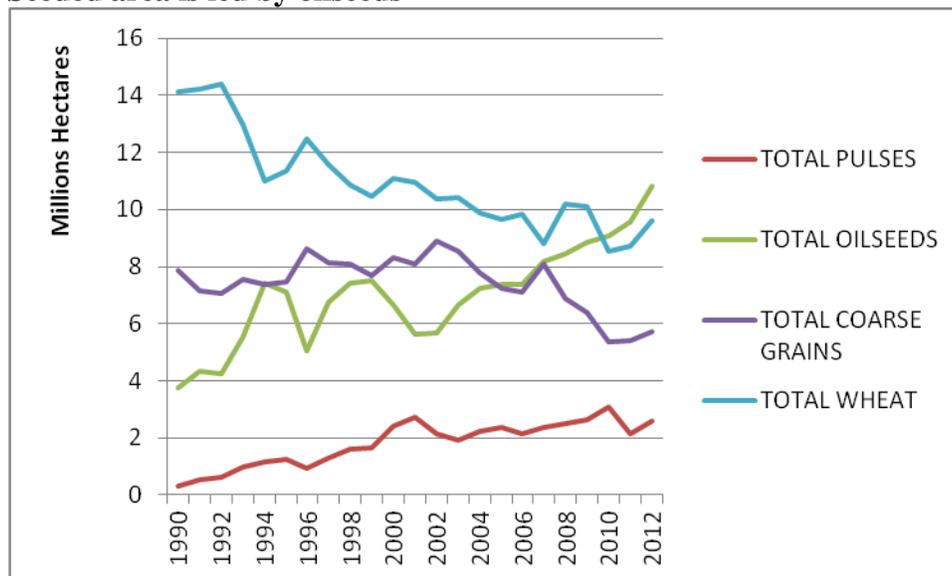
### **EXECUTIVE SUMMARY:**

Acreage is expected to decline but yields are forecast to return to normal for the 2013 oilseeds crop, which should result in greater supplies; however, weather is one of the major unknowns and could significantly impact this outlook. While it is still early, excessive moisture conditions persist in parts of Saskatchewan and Manitoba. Producer psychology and prices will continue to shape the development of planting intentions between now and the planting period.

Post forecasts Canadian canola area to decline by about 7% (or, 613,000 hectares) in marketing year (MY) 2013/2014 but yields to rebound about 18%. This would bring production up 12% from last year to about 14.9 MMT. Such a turn-around in canola seeding this crop year would defy price signals and is largely explained by slow growth in canola yields due to intense cultivation.

The majority of the loss in canola acreage in Canada is forecast to go to wheat, with some competition from soybeans. Based on currently available information on planting intentions, wheat seems to be making a comeback in terms of area seeded, due to a combination of several factors: strong prices, relative ease of marketability, and poor returns on canola last year. However, the long-term trend in acreage points to soybean and canola.

### **Seeded area is led by oilseeds**



**Source: Statistics Canada, CANSIM table 001-0010; FAS-Ottawa**

**Note:** Oilseed numbers exclude soybeans grown in the Prairie Province, which are not reported by Statistics Canada

In the 2013 crop year, area seeded to soybeans is forecast to increase 12% to about 1.9 million hectares. New varieties that can grow in shorter seasons, attractive prices, and its potential as a rotation crop are luring the Prairie Provinces to soybeans. Manitoba has displaced Quebec in its ranking of Canada's second largest soybean producer.

Canada produces about 5% (21 MMT) of the global oilseed supply (457 MMT) and accounts for about 11% (12.4 MMT) of global oilseed trade (112 MMT). Total oilseed exports are expected to decrease 10% in 2012/2013, largely due to decreased canola production. In MY 2013/2014, total oilseed exports are expected to rebound.

Canola and soybean crush in 2013/2014 is expected to remain high due to large crops and strong prices. Total meal production in 2013/2014 is forecast to rise 5% above year 2012/2013 expected levels of 5.0 MMT.

Similarly, total oil production in 2012/2013 is expected to continue at the high levels being experienced in 2011/2012. Total oil production in 2013/2014 is forecast to be about 8% above year 2012/2013 expected levels of 3.2 MMT.

In MY 2013/2014, total meal and total oils exports in 2013/2014 are forecast to increase 4% over 2012/2013 levels of 6.1 MMT.

Total ending stocks of oilseeds are expected to decrease in MY 2012/2013 to historic lows and remain low but increasing in MY2013/2014.

No farmer surveys regarding planting intentions were published at the time of this report. The Statistics Canada planting intentions survey is expected April, 2013

### **OILSEEDS -- CANOLA (RAPESEED)**

Although still very early, Post forecasts Canadian canola area to decline about 7% to 8.1 million hectares in MY 2013/2014 but yields to rebound by about 18%. This would bring production up 12% from last year to about 14.9 MMT. However, as with the rest of this outlook, much hinges on prices, producer psychology and uncertainty with the weather.

The story of canola right now is one of movement away from the so-called “Cinderella crop” and into alternative crops, despite what price signals indicate. Canola area was the largest ever planted in Canada in 2012/2013; however, harvest fell short due to unfavorable weather, pests and disease. MY 2013/2014 planting intentions will be guided by sour memories of the marketing year left behind, the lure of attractive net revenue in alternative crops, and the fact that canola is a relatively expensive crop to produce. Therefore, Post forecasts a decline in area seeded, despite canola prices holding up well.

Post forecasts that area seeded to canola will go down about 8% in Saskatchewan, 8% in Alberta, and 10% in Manitoba. Saskatchewan, Alberta and Manitoba produce 49.6%, 37.6% and 11.7% of Canada’s canola, respectively. Wheat is expected to gain the majority of area abandoned by canola in the Prairie Provinces. However, in Manitoba, while 70% of the decline in canola area is forecast to go to wheat production (134,036 hectares), the remainder is expected to go to soybeans (57,444 hectares).

Post is monitoring parts of Saskatchewan and Manitoba for improvements in excessive moisture conditions. For the period November 2012 to March 2013, precipitation in south-central and south-eastern Saskatchewan is 150% to 200% of normal, and 115% to 150% of normal along the

Saskatchewan-Manitoba border. These are the same areas that were flooded in 2011. The rate at which snow melts and the level of precipitation to come will determine the risk of spring flooding. Later planting will effect crop selection.

Domestic canola crush is expected to decline 4% to 6.8 MMT in MY 2012/2013 based on lower crush margins, and increase about 4% in MY 2013/2014 on demand for meal and oil. In MY 2012/2013, ending stocks of canola are forecast to decline about 60% from MY 2011/2012 stocks of 0.9 MMT. They are expected to increase about 18% in MY 2013/ 2014, although remain below the five-year (2007-2011) average of 1.9 MMT.

In MY 2012/2013, exports are forecast to decrease by 17% from MY 2011/2012 due to tight supplies and in spite of strong world demand. They are forecast to increase 8% in MY 2013/2014. Things that could spell an end to aggressive buying of Canadian canola include commodity competition from South American soybean crops, Asian Palm oil, and U.S. soybean production.

Canada exports about 60% of its canola production as seed, and roughly 45% of the oil and 60% of the meal produced by the Canadian crushing industry must find a home in the export market. The largest export markets for canola seed are China, Japan and Mexico.

The Canadian government has been very active in its trade missions to Asia and has brought about several promising developments for the Canadian canola industry. In February 2012, a Memorandum of Understanding on a joint canola research between Canada and China was signed. The full re-opening of this market is important to Canadian canola growers. In 2009, China had placed import restrictions on Canadian canola shipments due to concerns of a disease known as blackleg. In 2009/2010, a transitional agreement, renewable annually, was negotiated to allow canola shipments that tested positive with black leg into a limited amount of facilities located in areas where Chinese rapeseed is not grown. Trade in Canadian canola exports to China in calendar year (CY) 2012 was 1.3 MMT, up 124% from the previous year. The Canadian canola industry was also pleased with the announcement of negotiations for a Canada-Japan Economic Partnership Agreement. Japan is one of the largest markets for Canada canola. Canadian canola exports to Japan in CY 2012 were 2.3 MMT, up a percent from CY 2011 and 11% from CY 2010.

Several market observers point to the need to further improve market access issues, including sanitary and phytosanitary issues, maximum residue limits, commingling issues, Foreign Regulatory Requirements and Low Level Presence issues. In a report published in February 2013, The Canola Council of Canada points to the need for improved market access, highlighting several future market access issues:

- Reducing tariffs
- Ensuring sanitary and phytosanitary regulations aren't excuses to block trade but are science-based
- Judging biotechnology innovations by science-based standards and not using them as trade obstructions
- Developing sustainability definitions that cannot be abused to block trade

Oilseed, Rapeseed Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

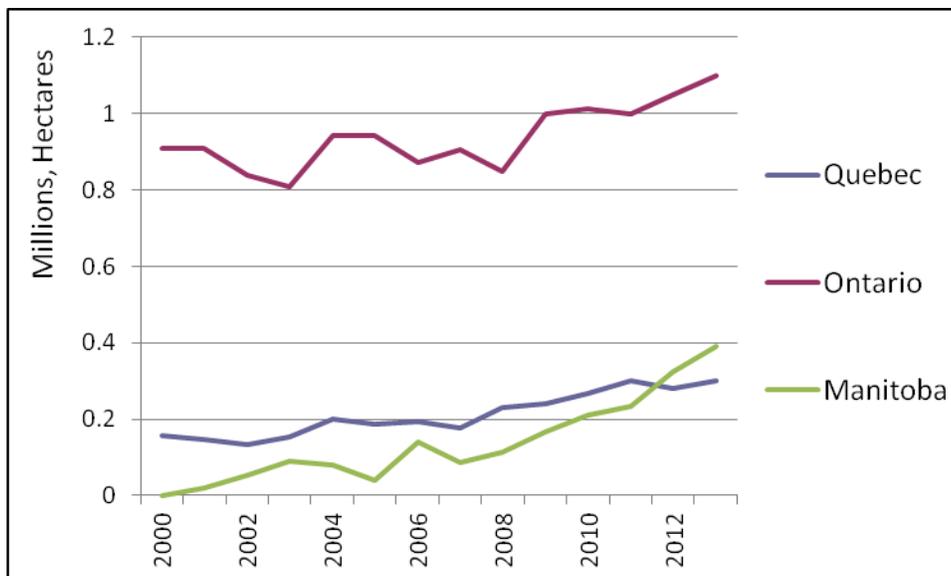
<b>Area Planted</b>	7,600	7,600	8,635	8,713		8,100
<b>Area Harvested</b>	7,589	7,589	8,585	8,585		8,050
<b>Beginning Stocks</b>	2,198	2,198	903	903		338
<b>Production</b>	14,608	14,608	13,310	13,310		14,850
<b>MY Imports</b>	97	97	150	150		125
<b>MY Imp. from U.S.</b>	89	89	144	144		120
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	16,903	16,903	14,363	14,363		15,313
<b>MY Exports</b>	8,697	8,701	7,150	7,200		7,800
<b>MY Exp. to EU</b>	214	214	210	210		210
<b>Crush</b>	6,999	6,999	6,750	6,750		7,000
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	304	300	75	75		113
<b>Total Dom. Cons.</b>	7,303	7,299	6,825	6,825		7,113
<b>Ending Stocks</b>	903	903	388	338		400
<b>Total Distribution</b>	16,903	16,903	14,363	14,363		15,313
1000 HA, 1000 MT						

### **OILSEEDS -- SOYBEANS**

Area seeded to soybeans is forecast to increase 12% to about 1.9 million hectares. New varieties and attractive prices are luring the Prairie Provinces to soybeans. The rise in soybean acres will partly come at the loss of spring wheat, but by how much will be determined by the weather and other factors. A delayed Spring could bring acres away from spring wheat and into soybeans or corn.

Statistics Canada began estimating soybean production in Manitoba in 2001, at which time farmers had planted 20,200 hectares. By 2012, area harvested had grown to nearly 324,000 hectares, making Manitoba the second largest producer of soybeans in Canada after Ontario, displacing Quebec. Area seeded to soybean in Manitoba is forecast to increase 20% to about 390,000 hectares due to attractive prices, new varieties, a decrease in canola seeding and lower input costs compared to some alternative crops. About 30% of the area freed by canola in Manitoba (57,444 hectares) is forecast to be used to grow soybeans, about 15% of the total area forecast to be seeded to soybean in that province.

### **Area Seeded to Soybeans: Canada's Top Three Producers**



**Source:** Statistics Canada and FAS Ottawa

**Note:** CY 2013 is a forecast

Statistics Canada does not yet estimate production for Saskatchewan or Alberta because area harvested has been nominal, at least up until last year; things have been changing in Saskatchewan. Post forecasts about 150,000 acres (60,703 hectares) will be planted in Saskatchewan this year; however, others are more optimistic. Saskatchewan Pulse Growers report that according to soybean growers and processors, as many as 250,000 acres (101,171 hectares) of soybeans could be planted in the province this year due to new varieties and strong prices. Yields have been reported in the 27-35 bushel per acre range, likely lower than yields in Manitoba.

Ontario produces about 61% of Canada's soybeans and in MY 2012/2013 soybeans were the province's largest row crop. Post forecasts that Ontario will exceed by 5% the province's record 1.05 million hectares planted last year due to new varieties and improved yields in some parts of the province.

Minimal to no growth is expected in provinces east of Ontario.

In MY 2012/2013, exports are expected to increase 13% over the previous year to about 3.3 MMT. In MY 2013/2014, exports are expected to increase another 6% over the previous year. Approximately 35% of soybeans grown in Canada are non-GM, of which Japan is the largest customer. Japan is the largest importer of Canadian soybeans in terms of value, while the Netherlands is the largest importer by measure of quantity.

Ending stocks in MY 2012/2013 are forecast to rise marginally from beginning stocks due to increased production and despite steady domestic consumption and increased exports. Domestic crush is expected to increase 7% in MY 2013/2014, due to demand for oil.

The Canadian Food Inspection Agency (CFIA) has published a proposal to streamline the Seeds Regulations for soybean (and forage) varieties. The CFIA is seeking comments on proposed amendments to the Seeds Regulations, which was published in *Canada Gazette*, Part 1, on March 9, 2013. Under the new proposal, soybean and forage varieties will no longer require pre-registration

testing or merit assessment. The proposal is expected to provide more timely access to new soybean and forage varieties to both producers and end users, increase innovation and competition within the seed and crop sectors, and result in cost savings for industry due to the reduced regulatory burden.

The Regulatory Impact Analysis Statement of the proposal is available at the following URL:  
<http://canadagazette.gc.ca/rp-pr/p1/2013/2013-03-09/html/reg1-eng.html>

Oilseed, Soybean Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,551	1,559	1,685	1,685		1,882
Area Harvested	1,551	1,551	1,680	1,680		1,882
Beginning Stocks	302	302	200	200		225
Production	4,298	4,298	4,930	4,930		5,200
MY Imports	230	230	225	225		240
MY Imp. from U.S.	206	206	200	200		200
MY Imp. from EU	0	0	0	0		0
Total Supply	4,830	4,830	5,355	5,355		5,665
MY Exports	2,932	2,932	3,500	3,300		3,500
MY Exp. to EU	1,481	1,481	1,450	1,450		1,500
Crush	1,411	1,411	1,425	1,550		1,660
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	287	287	200	280		304
Total Dom. Cons.	1,698	1,698	1,625	1,830		1,964
Ending Stocks	200	200	230	225		201
Total Distribution	4,830	4,830	5,355	5,355		5,665
1000 HA, 1000 MT						

## **OILSEEDS -- SUNFLOWER**

Sunflower acres will continue to be limited due to competition from other crops. Attractive wheat prices are expected to lure producers into planting wheat for rotational purposes.

Oilseed, Sunflowerseed Canada	2011/2012	2012/2013	2013/2014
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	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	14	14	45	41		50
Area Harvested	14	14	43	40		50
Beginning Stocks	29	29	6	6		22
Production	20	20	74	70		75
MY Imports	32	32	25	30		25
MY Imp. from U.S.	26	26	20	20		20
MY Imp. from EU	0	0	0	0		0
Total Supply	81	81	105	106		122
MY Exports	33	33	38	33		40
MY Exp. to EU	0	0	0	0		0
Crush	0	0	0	0		0
Food Use Dom. Cons.	23	23	25	26		26
Feed Waste Dom. Cons.	19	19	24	25		25
Total Dom. Cons.	42	42	49	51		51
Ending Stocks	6	6	18	22		31
Total Distribution	81	81	105	106		122
1000 HA, 1000 MT						

## **OILS**

Total oil production in MY 2012/2013 is expected to continue at the high levels being experienced in MY 2011/2012. Total oil production in MY 2013/2014 is forecast at 3.5 MMT, slightly above year MY 2012/2013 expected levels of 3.2 MMT.

Crush is up from the five-year average due to the increased crush capacity that has been built up in Canada over the last five years and strong demand for vegetable oils. Crush is expected to increase another 4% in MY 2013/2014 above MY 2012/2013 levels of 8.3 MMT. Production in MY 2013/2014 of oils is forecasted at 3.5 MMT, 8% higher than MY 2012/2013 expected levels. High production will keep imports relatively flat in MY 2013/2014. Increased production and continued strong demand will fuel exports. Exports in MY 2013/2014 are expected to reach 2.7 MMT, a 6% increase over MY 2012/2013 expected levels of 2.6 MMT.

Roughly 45% of the canola oil produced by the Canadian crushing industry must find a home in the export market. The main export markets for canola oil are the U.S. and China.

### **Trends in food and industrial use, including fuels**

The National Research Council's Falcon 20 jet recently became the first civil aircraft in the world to fly powered by 100% biojet fuel not blended with petroleum. Agrisoma Biosciences, a Canadian biotechnology firm that has been incubating at the National Research Council in Saskatoon, developed a plant trademarked as Resonance, a new strain of mustard seed, the scientific name for which is *brassica crinata*. It is the basis for jet engine fuel. One of NRC's research partners is the United States Air Force. The Air Force's involvement is in terms of the application and understanding the results. Other research or funding partners for this project include Applied Research Associates, the Government of Canada's Clean Transportation Initiatives, the Green Aviation Research and Development Network, Honeywell and Chevron Lummus Global. Last year, Agrisoma contracted Canadian Prairie farmers to grow 6,000 acres of Resonance for the flight.

A representative of The National Research Council has said that the agency will not conduct research on the potential of a “food” to be used as fuel.

### **CANOLA (RAPESEED) OIL**

Oil, Rapeseed Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6,999	6,999	6,750	6,750		7,000
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	68	68	40	40		40
Production	3,127	3,127	2,920	2,920		3,150
MY Imports	92	92	125	125		90
MY Imp. from U.S.	91	91	125	125		89
MY Imp. from EU	0	0	0	0		0
Total Supply	3,287	3,287	3,085	3,085		3,280
MY Exports	2,676	2,676	2,500	2,500		2,650
MY Exp. to EU	81	81	75	75		70
Industrial Dom. Cons.	50	50	50	50		55
Food Use Dom. Cons.	521	521	495	495		535
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	571	571	545	545		590
Ending Stocks	40	40	40	40		40
Total Distribution	3,287	3,287	3,085	3,085		3,280
1000 MT, PERCENT						

### **SOYBEAN OIL**

Oil, Soybean Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,411	1,411	1,425	1,550		1,660
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	11	11	8	8		8
Production	256	256	265	277		310

<b>MY Imports</b>	28	28	30	30		30
<b>MY Imp. from U.S.</b>	28	28	30	30		30
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	295	295	303	315		348
<b>MY Exports</b>	72	72	70	80		80
<b>MY Exp. to EU</b>	0	0	0	0		0
<b>Industrial Dom. Cons.</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	215	215	225	227		259
<b>Feed Waste Dom. Cons.</b>	0	0	0	0		0
<b>-</b>	0	0	0	0		0
<b>Total Dom. Cons.</b>	215	215	225	227		259
<b>Ending Stocks</b>	8	8	8	8		9
<b>Total Distribution</b>	295	295	303	315		348
1000 MT, PERCENT						

## **OILMEALS**

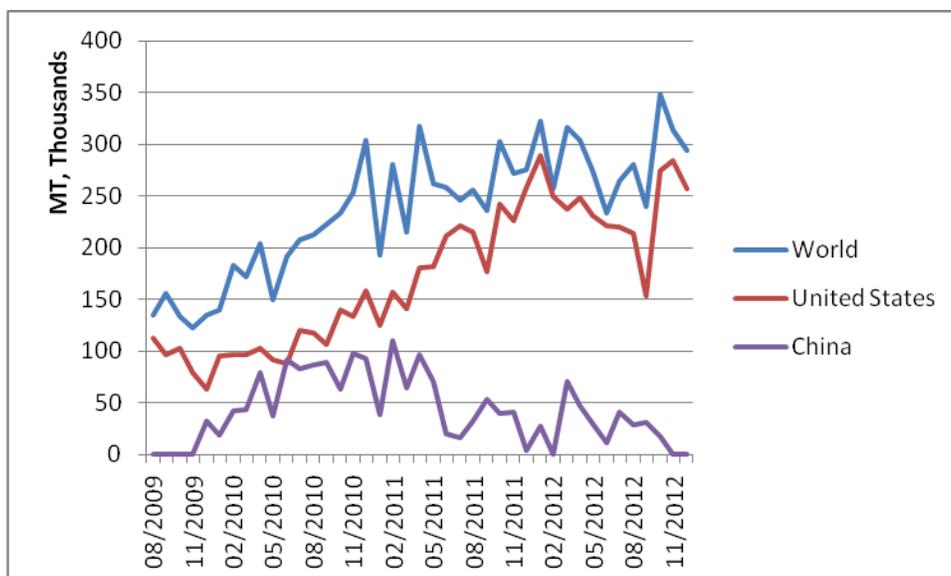
With canola and soybean crush forecast to remain at high levels experienced in 2013/2014, total meal production is forecast to increase to nearly 5.2 MMT. This is an increase of 5% over expected 2012/2013 levels, and is significantly above the five-year average. Increased production and continued strong demand will fuel total meal exports in 2013/2014.

Roughly 60% of the canola meal produced by the Canadian crushing industry must find a home in the export market. In the last five months of 2012, total exports of canola meal were up 10% over the same period in 2011, and 21% over the same period in 2010. The United States is Canada's main export market of canola meal. Exports to the United States were up 80% over the same period in 2010. However, the pace is forecast to slow due to tightening of domestic supplies, and exports will finish only slightly above MY 2011/2012 levels. Exports are forecast to increase in 2013/2014 to 3.6 MMT, a 2% increase over 2012/2013 levels.

In the last five months of 2012, imports of canola meal were down 48% over the same period in 2011, and down 100% over the same period in 2010. Nearly all canola meal imports in Canada come from the United States.

In MY 2013/2014, total meal imports are forecast to decline slightly due to increased domestic supplies.

## **Exports of Canola Meal**



### CANOLA (RAPESEED) MEAL

Meal, Rapeseed Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6,999	6,999	6,750	6,750		7,000
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	135	144	153	153		120
Production	3,780	3,780	3,750	3,800		3,900
MY Imports	8	8	5	5		4
MY Imp. from U.S.	8	8	5	5		4
MY Imp. from EU	0	0	0	0		0
Total Supply	3,923	3,923	3,908	3,958		4,024
MY Exports	3,310	3,310	3,300	3,350		3,400
MY Exp. to EU	40	40	50	50		60
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	460	460	500	488		524
Total Dom. Cons.	460	460	500	488		524
Ending Stocks	153	153	108	120		100
Total Distribution	3,923	3,923	3,908	3,958		4,024
1000 MT, PERCENT						

## SOYBEAN MEAL

Meal, Soybean Canada	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,411	1,411	1,425	1,550		1,660
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	21	21	26	26		26
Production	1,109	1,109	1,125	1,170		1,300
MY Imports	1,137	1,137	1,070	1,070		1,000
MY Imp. from U.S.	1,129	1,129	1,065	1,065		955
MY Imp. from EU	4	4	4	4		4
Total Supply	2,267	2,267	2,221	2,266		2,326
MY Exports	173	173	150	150		180
MY Exp. to EU	45	45	40	40		40
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	2,068	2,068	2,045	2,090		2,100
Total Dom. Cons.	2,068	2,068	2,045	2,090		2,100
Ending Stocks	26	26	26	26		46
Total Distribution	2,267	2,267	2,221	2,266		2,326
1000 MT, PERCENT						