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Canada

Oilseeds and Products

Oilseeds Annual Report

2004

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Report Highlights:
Based on the assumption of near-normal yields and abandonment rates, total production of oilseeds in Canada for 2004/05 is forecast to increase to 10.0 million metric tons (mmt) from 8.9 mmt in 2003/04. Supplies are forecast to increase considerably as higher production more than offsets the low carry-in stocks. Imports, mostly from the United States are expected to decline to 465,000 metric tons (mt) from 800,000 mt in 2004/05. Total exports are forecast to increase to 4.7 mmt from 4.2 mmt expected for 2004/05. In Canada, oilseed prices are expected to decline due to higher world canola production and increased soybean production in the United States and South America.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Ottawa [CA1]
[CA]

Table of Contents

SECTION I – OILSEED PRODUCTION OVERVIEW 2003/04

SOYBEANS

Seeding and Growing Conditions
Based on Canadian Grains Commission (CGC) reports, the majority of Ontario soybean planting was delayed until late May and early June 2003 due to wet spring conditions. It was estimated that only 75-80% of the soybean crop was planted by June 18. Sporadic rainfall across much of the province in early July allowed the early-planted crops to develop well. In general moisture levels were good, especially compared to the previous two summers of 2001 and 2002. However, because of the late plantings in some areas, there was still a wide variation in maturity of the crop by mid September.

Harvest Conditions
An early frost in September caused decreases in both crop quality and quantity. Wet cold weather in late September and early October slowed the harvest. The 2003 Ontario soybean harvest was not completed in some regions until late November or early December. Yields were reduced in some areas because of the extreme heat experienced during the critical pod-filling stage of development. The Manitoba soybean harvest began in mid September and was estimated to be 90% completed by the middle of October.

Production and grade information
Canadian soybean production for the year 2003 increased by 2% to 2.27 million tons from last year's production of 2.22 million tons. In Ontario, the 805,300 hectares of harvested soybean yielded an average of 2.1 tons/ha for a total Ontario crop of 1.73 million tons in the 2003 crop year. Other areas of significant soybean production for 2003 included Quebec and Manitoba with 325,000 and 149,700 tons respectively.

Compared to last year, there were fewer numbers of lower grade soybean samples from Ontario. Levels of green beans in 2003 were less severe than in the 2002 Ontario soybean crop. Immaturity or green beans were not an issue in the 2003 Manitoba soybean crop. Based on the 2003 CGC survey samples, 94% of the Ontario and 80% of the Manitoba samples were in the top two grades.

Quality
There are two major types of soybeans grown in Canada, commonly referred to as oil (or "crush") beans and food beans. Oil beans are grown for producing oil and high-protein meal. Soybean oil is used in salad oil, shortening and margarine products. Defatted soybean meal is used as a protein supplement in livestock rations. Key quality factors for oil beans are oil content, protein content, and the fatty acid composition. Oil and protein content give quantitative estimates of the beans as a source of oil, and of the defatted meal as a source of protein for animal feed. The fatty acid composition provides information about the nutritional, physical and chemical characteristics of the oil extracted from the beans. Food beans are varieties of soybeans that have been bred for specific qualities required in the production of traditional soyfoods. The quality of these beans is measured by such attributes as a clear or white hilum, larger seed size, and higher protein content. White-hilum soybeans that do not meet quality standards for food processing are used as oil beans or feed beans.

The 2003 average Canadian oil content of 21.2% was similar to the 21.2% in 2002 and slightly higher than the ten-year mean of 20.8%. Individual producer samples varied in oil content from 17.2% to 26.4%. The 2003 average protein content of 41.1% was slightly lower than the 41.3% in 2002 and well below the ten-year-mean value of 42.0%. The No. 1 Canada Yellow samples were slightly higher in protein, but similar in oil content compared to the No. 2 Canada Yellow samples.

Table 1: Soybean PS&D

Country	Canada					
Commodity	Oilseed, Soybean				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [D	A Official	Estimate [D	A Official	Estimate [I
Market Year Begin		08/2002		08/2003		08/2004
Area Planted	1030	1030	1040	1051	0	1222
Area Harvested	1024	1024	1050	1047	0	1220
Beginning Stocks	165	172	200	145	170	125
Production	2336	2335	2270	2268	0	3000
MY Imports	700	625	600	650	0	250
MY Imp. from U.S.	645	621	595	595	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3201	3132	3070	3063	170	3375
MY Exports	700	720	700	800	0	1000
MY Exp. to the EC	260	260	300	300	0	0
Crush Dom. Consumptior	1796	1763	1700	1650	0	1750
Food Use Dom. Consump	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cr	505	504	500	488	0	475
TOTAL Dom. Consumptic	2301	2267	2200	2138	0	2225
Ending Stocks	200	145	170	125	0	150
TOTAL DISTRIBUTION	3201	3132	3070	3063	0	3375

Table 2: Soybean Meal PS&D

Country	Canada					
Commodity	Meal, Soybean				(1000 MT)	(PERCENT
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [D	A Official	Estimate [D	A Official	Estimate [M
Market Year Begin		08/2002		08/2003		08/2004
Crush	1796	1763	1700	1650	1650	1750
Extr. Rate, 999.9999	0.77951	0.820193	0.779412	0.82	0.82	0.82
Beginning Stocks	25	25	10	30	10	25
Production	1400	1446	1325	1353	1353	1435
MY Imports	1050	1068	1040	1000	1000	1000
MY Imp. from U.S.	1050	1068	1040	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2475	2539	2375	2383	2363	2460
MY Exports	150	117	125	125	125	125
MY Exp. to the EC	50	50	50	50	50	50
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump	0	0	0	0	0	0
Feed Waste Dom. Consu	2315	2392	2240	2233	2233	2310
TOTAL Dom. Consumptio	2315	2392	2240	2233	2233	2310
Ending Stocks	10	30	10	25	10	25
TOTAL DISTRIBUTION	2475	2539	2375	2383	2368	2460

Table 3: Soybean Oil PS&D

Country	Canada					
Commodity	Oil, Soybean				(1000 MT)	(PERCENT
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [D	A Official	Estimate [D	A Official	Estimate [M
Market Year Begin		08/2002		08/2003		08/2004
Crush	1796	1763	1700	1650	0	1750
Extr. Rate, 999.9999	0.170379	0.179807	0.19	0.18	0	0.18
Beginning Stocks	7	10	7	10	10	7
Production	306	317	323	297	0	315
MY Imports	110	128	130	110	0	30
MY Imp. from U.S.	110	128	130	110	0	30
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	423	455	460	417	10	352
MY Exports	20	20	20	40	0	40
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump	396	425	430	370	0	305
Feed Waste Dom. Consu	0	0	0	0	0	0
TOTAL Dom. Consumptio	396	425	430	370	0	305
Ending Stocks	7	10	10	7	0	7
TOTAL DISTRIBUTION	423	455	460	417	0	352

CANOLA

Seeding and Growing Conditions
According to the Canadian Grain Commission (CGC), a combination of rains during the 2002 harvest and normal to above normal winter precipitation greatly improved the soil moisture situation in western Canada for the spring seeding season. The wetter than normal precipitation pattern in Saskatchewan and Alberta delayed seeding progress. Overall planting progress was 10 days to two weeks behind normal for the Prairies.

Although the crop was rated in mostly good to excellent condition in mid-June, the lack of sub-soil moisture was a major concern. These concerns were well founded, as hot and dry conditions dominated the weather on the Prairies from mid-June to late August. The warmer than normal temperatures caused yield reductions in all crops, dropping above average production potential back to average to slightly-below-average in most regions. Timely rains limited yield losses in northern growing areas of Alberta. The warm, dry weather during the summer months was ideal for grasshoppers, which resulted in significant damage to crops throughout the Prairie region. The environmental conditions did keep plant diseases in check, with leaf and head diseases reported at the lowest levels in a decade.

Harvest conditions
The harvest began the first week of August on the eastern Prairies and was underway in all areas except northern Alberta by the middle of the month. Rainfall during August and September was well below normal, which resulted in a rapid harvest pace. The majority of the crop was harvested by the first week of September, with most of the unfinished harvest located in northern Alberta and Saskatchewan. Cool, rainy conditions in the northern areas slowed the harvest in the middle of September, but the return of warm, dry conditions by the end of the month allowed the harvest to proceed rapidly. The Manitoba and Saskatchewan canola harvest was essentially completed by October 5th while the Alberta crop was estimated to be 90% harvested at that time.

Production and grade information
Western Canadian farmers planted 4.73 million hectares of canola in 2003, which is a 19% increase from the planted area in 2002. Average to above average yields in 2003 for Manitoba and Alberta resulted in a western Canada yield of 1400 kg/ha which is higher than the 1300 kg/ha reported for 2002 and about three percent above the 10-year mean of 1364 kg/ha.

With the increased harvested area, total canola production in western Canada was up 60 percent in 2003 to 6.67 million tons according to estimates by Statistics Canada reported in *Field Crop Reporting Series No. 8,* December 5, 2003. The largest proportion of 2003 production, 41 percent, was grown in Saskatchewan. Manitoba accounted for 26 percent while Alberta and British Columbia accounted for 33 percent.

Initially, there was concern for canola that was shriveled and under-sized due to the extreme drought. Those regions affected by the drought were generally harvested first. Overall, the green seed count was considered lower than the previous two crop years. In addition, there were relatively lower amounts of sprouted seed found in survey samples this year. While the proportion of canola seed in the top grades was high, the seed contained lower than average amounts of oil due to the extreme heat.

Quality
Western Canadian canola tested in the 2003 harvest survey is slightly below average in oil content but above average in protein content. The average oil content of 41.8% for No. 1 Canada canola from the 2003 harvest survey is lower than both the 42.5% in 2002 and the 10-year mean of 42.9. The Alberta oil content of 42.7% is significantly higher than the 41.1% and 41.8% for Saskatchewan and Manitoba. Compared to 2002, mean oil contents have increased by 0.6 percentage units in Alberta, but decreased by 1.7 and 0.7 percentage units for Saskatchewan and Manitoba respectively. The oil content of No. 1 Canada canola from producers in western Canada varied from 34.6% to 50.6%. The average oil contents decreased significantly in the lower grades of canola. The decreased oil contents seen in the 2003 survey are a result of the extreme heat and drought that affected large parts of the canola growing area.

The mean oil content of canola exports from Vancouver in November 2003 was 41.2% on an 8.5% moisture basis, 0.7% lower than the 2002-03 mean of 41.9%. The mean oil content of Thunder Bay exports in November 2003 was also 41.2% on an 8.5% moisture basis. The oil content of Canadian exports in the 2003-04 shipping season will likely remain near 41% on an 8.5% moisture basis.

Table 4: No. 1 Canada Canola Harvest Survey – 2003 Quality Data

	2003	2002	1993-2002 Mean Quality parameter
Oil content[1], %	41.8	42.5	42.9
Protein content[2], %	23.3	23.2	20.9
Oil-free protein[2] content, %	42.9	43.3	39.4
Chlorophyll content, mg/kg in seed	15	13	14
Total glucosinolates[1], µmol/g	11	12	12
Free fatty acids, %	0.23	0.35	0.27
Erucic acid, % in oil	0.13	0.11	0.28
Linolenic acid, % in oil	8.4	10.6	10.2
Oleic acid, % in oil	63.2	60.6	60.5
Total saturated fatty acids[3], % in oil,	7.3	7.0	6.9
Iodine value	110	115	115

1 8.5% moisture basis
2 N x 6.25, 8.5% moisture basis
3 Total saturated fatty acids are the sum of palmitic (C16:0), stearic (C18:0), arachidic (C20:0), behenic (C22:0), and lignoceric (C24:0)

Table 5: Canola (Rapeseed) PS&D

Country	Canada					
Commodity	Oilseed, Rapeseed				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [I	DA Official	Estimate [D	A Official	Estimate [I
Market Year Begin		08/2002		08/2003		08/2004
Area Planted	3994	3994	4700	4736	0	5164
Area Harvested	3262	3262	4690	4690	0	5100
Beginning Stocks	1200	1250	894	894	794	700
Production	4178	4178	6670	6669	0	7000
MY Imports	230	240	200	225	0	215
MY Imp. from U.S.	220	220	200	225	0	215
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	5608	5668	7764	7788	794	7915
MY Exports	2400	2394	3500	3500	0	3600
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumptior	2190	2225	3150	3200	0	3200
Food Use Dom. Consump	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cr	124	155	320	388	0	415
TOTAL Dom. Consumptic	2314	2380	3470	3588	0	3615
Ending Stocks	894	894	794	700	0	700
TOTAL DISTRIBUTION	5608	5668	7764	7788	0	7915

Table 6: Canola (Rapeseed) Meal PS&D

Country	Canada					
Commodity	Meal, Rapeseed				(1000 MT)	(PERCENT
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [	DA Official	Estimate [	DA Official	Estimate [
Market Year Begin		08/2002		08/2003		08/2004
Crush	2190	2225	3150	3200	0	3200
Extr. Rate, 999.9999	0.570776	0.624719	0.571429	0.625	0	0.622813
Beginning Stocks	21	21	21	25	25	35
Production	1250	1390	1800	2000	1993	1993
MY Imports	30	20	3	7	3	3
MY Imp. from U.S.	29	20	2	2	2	2
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1301	1431	1824	2032	2021	2031
MY Exports	750	830	1200	1300	1250	1300
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump	0	0	0	0	0	0
Feed Waste Dom. Consu	530	576	600	697	738	696
TOTAL Dom. Consumptio	530	576	600	697	738	696
Ending Stocks	21	25	24	35	35	35
TOTAL DISTRIBUTION	1301	1431	1824	2032	2023	2031

Table 7: Canola (Rapeseed) Oil PS&D

Country	Canada					
Commodity	Oil, Rapeseed				(1000 MT)	(PERCENT
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [D	A Official	Estimate [D	A Official	Estimate [I
Market Year Begin		08/2002		08/2003		08/2004
Crush	2190	2225	3150	3200	0	3200
Extr. Rate, 999.9999	0.422374	0.41618	0.420635	0.41	0	0.41
Beginning Stocks	29	29	25	25	25	30
Production	925	926	1325	1312	0	1312
MY Imports	50	20	30	10	0	10
MY Imp. from U.S.	50	20	30	10	0	10
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1004	975	1380	1347	25	1352
MY Exports	540	610	910	850	0	850
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump	439	340	445	467	0	472
Feed Waste Dom. Consu	0	0	0	0	0	0
TOTAL Dom. Consumptio	439	340	445	467	0	472
Ending Stocks	25	25	25	30	0	30
TOTAL DISTRIBUTION	1004	975	1380	1347	0	1352

SUNFLOWERSEEDS

Table 8: Sunflowerseed PS&D

Country	Canada					
Commodity	Oilseed, Sunflowerseed				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official	Estimate [	USDA Official	Estimate [	USDA Official	Estimate [
Market Year Begin		08/2002		08/2003		08/2004
Area Planted	95	95	120	119	0	0
Area Harvested	95	95	115	115	0	85
Beginning Stocks	21	21	33	35	28	30
Production	157	157	150	150	0	135
MY Imports	19	21	20	20	0	20
MY Imp. from U.S.	18	20	18	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	197	199	203	205	28	185
MY Exports	90	105	95	110	0	110
MY Exp. to the EC	60	0	60	0	0	0
Crush Dom. Consumptior	0	0	0	0	0	0
Food Use Dom. Consump	10	10	10	10	0	10
Feed,Seed,Waste Dm.Cr	64	49	70	55	0	55
TOTAL Dom. Consumptic	74	59	80	65	0	65
Ending Stocks	33	35	28	30	0	10
TOTAL DISTRIBUTION	197	199	203	205	0	185

SECTION II -- OILSEED OUTLOOK - 2004/05

For 2004-05, Agriculture and Agri-Food Canada (AAFC) citing the Statistics Canada (STC) seeding intentions survey, conducted during late March, indicated that western Canadian farmers plan to shift area into oilseeds and special crops, out of wheat, coarse grains and summerfallow. In eastern Canada, the areas seeded to oilseeds and corn are expected to increase, while area for wheat, other coarse grains and special crops decreases. Total production of grains and oilseeds in Canada is forecast by Agriculture and Agri-Food Canada to increase by 2%, to 60.8 million metric tons (mmt), versus the 10-year average of 58.5 Mt. Trend yields are assumed for all regions except for Alberta and Saskatchewan, where precipitation has been below normal and subsoil moisture reserves remain low.

SOYBEANS
Production in 2004/05 is forecast to reach a record of 3.0 million tons due to record high seeded area and a return to normal yields. Domestic use is projected to rise slightly while exports rise to a record 1.0 million tons. The average price of soybeans is forecast to fall to $350/t, I/S Chatham, from $385/t expected for 2003-04, due to higher soybean production in the US and South America.

CANOLA
For 2004-05, production is forecast to increase by 5% to 7.0 million tons, due to higher seeded area. Supplies are forecast to rise slightly, supporting higher exports. Exports to China and Mexico are forecast to increase in 2004. Carry-out stocks are expected to remain stable. The price of canola is forecast to decrease to a midpoint of $380/t, I/S VC, from $395/t in 2003-04, due to higher world oilseed production.

SUNFLOWERSEEDS
According to AAFC, in the 2004/05 marketing year, production and supply are forecast to decrease, due to a 26% decrease in seeded area harvested. Canadian exports and domestic use are expected to remain stable from the 2003/04 year, causing carry-out stocks to decrease to a low level. The average price, over both types and all grades, is forecast to increase due to the lower supply.

SECTION III – POLICY DEVELOPMENT AND INDUSTRY NEWS

The table below at the end of the report lists all reports regarding developments in the oilseed sector since the 2003 Oilseeds and Products Annual Report.

SECTION IV – FIND FAS ON THE WORLD WIDE WEB

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SECTION V – RELATED FAS/OTTAWA REPORTS

Report Number	Title of Report	Date
CA3038	This Week in Canadian Agriculture, Issue 24	7/03/2003
CA3037	This Week in Canadian Agriculture, Issue 23	6/25/2003
CA3034	This Week in Canadian Agriculture, Issue 20	5/29/2003
CA3029	Moisture Conditions Continue to Improve in Saskatchewan Grainbelt	5/12/2003
CA3029	Top Canadian Court to Hear Genetic Food Patent Challenge	5/12/2003

CA3024	Canadian Biotech Advisory Committee Releases its Third Annual Report	4/25/2003
CA3017	Canadian Canola Threatened by Flea Beetle	3/28/2003
CA3014	Canola Council Aims for Stable Production of 7 MMT	3/14/2003
CA3014	Canada Amends "Procedures for the Registration of Crop Varieties in Canada"	3/14/2003
CA3013	Funding Doubled for Canadian Agriculture and Food Promotion	3/07/2003
CA3012	Maxim Corn and Soybean Seed Treatment Approved by Canada	2/21/2003
CA3011	Outlook for Canadian Soybeans	2/21/2003
CA3010	Agricore United Sees Little Chance of More Drought	2/13/2003
CA3005	Canadian Grain Commission Begins Consultations on Proposed Variety Eligibility Declaration System	1/23/2003
CA3005	Vancouver Grain Terminals and Grain Workers Union Reach Arbitrated Agreement	1/23/2003
CA3004	Agriculture Canada Releases 2003/04 Grains and Oilseeds Estimates	1/17/2003
CA3003	Health Canada Releases Report in Response to Biotechnology Expert Panel Report	1/09/2003

SECTION VI – VISIT OUR WEBSITE

The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto www.usembassycanada.gov; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: info@usda-canada.com.