

**Voluntary Report** – Voluntary - Public Distribution

**Date:** April 06,2020

**Report Number:** CA2020-0033

**Report Name:** China Imposes Tighter Restrictions on Canadian Canola and Largest Exporters Remain Blocked

**Country:** Canada

**Post:** Ottawa

**Report Category:** Oilseeds and Products

**Prepared By:** Erin Danielson

**Approved By:** Philip Hayes

**Report Highlights:**

China continues to allow imports of Canadian canola seed though China recently reduced the acceptable dockage limits on imported canola and did not reinstate the licenses of Canada's two largest Canola exporters.

On March 30, 2020, China lowered the dockage, or foreign material, limits on Canadian canola seed imports from 2.5 to 1 percent which increases the processing cost for Canadian canola seed shippers. The new dockage requirement is likely to reduce Canadian canola seed exports to China even further, which have decreased 70 percent through the first half of the 2019/20 marketing year.

Multiple recent news reports incorrectly cited Chinese officials as stating that Canadian canola seed trade to China would resume freely. Also, China did not reinstate the export licenses of Richardson International and Viterra which were delisted in March 2019.

Canadian and Chinese officials had a phone call on March 30 to discuss a Memorandum of Understanding (MOU) between Canada and China, signed in 2016, which established certain requirements for trade. That MOU expired on March 31<sup>st</sup>, 2020. Though Canada and China are currently without an MOU, Agriculture Minister Marie-Claude Bibeau said in a statement that China will continue to allow the imports of canola seed if Canada meets the new dockage requirements. China has stated that it is decreasing the dockage limit over concerns about blackleg being transmitted through dockage. There is widespread concern amongst canola exporters that China had been making large purchases of canola recently in order to build up its stocks prior to the expiry of the MOU.

According to industry, Canada has been exporting canola to China under temporary MOUs for two decades. A 2016 MOU established the following parameters:

- Canada and China will invest resources into researching risks and mitigation of blackleg.
- Canola seed exports to China can only go to processing facilities approved by Chinese authorities in areas where rapeseed is not grown.
- Dockage limits remain at 2.5 percent, the standard set out by the Canadian Grain Commission.

**Attachments:**

No Attachments.