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## Canada

## Oilseeds and Products Annual

### 2018

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**Report Highlights:**

Canadian area seeded to canola in marketing year 2017/18 exceeded area seeded to wheat for the first time ever. The expectation of continued profitability is driving FAS/Ottawa's forecast for marketing year 2018/19 canola area planted even higher. Low subsoil moisture levels across the prairie provinces are expected to be a major factor in marketing year 2018/19 planting decisions.

Keywords: Canada, CA18019, Oilseeds, Canola, Soybean, Sunflower, Peanut

**Commodities:**

Oilseed, Rapeseed

Oilseed, Soybean

Oilseed, Sunflowerseed

Oilseed, Peanut

Meal, Rapeseed

Meal, Soybean

Oil, Rapeseed

Oil, Soybean

**Executive Summary**

Area seeded to canola exceeded area seeded to wheat for the first time in marketing year (MY) 2017/2018, as strong canola returns continued to extend crop rotation decisions and draw area from wheat and other grains into canola. FAS/Ottawa forecasts combined production of canola, soybeans and sunflower seeds in MY 2018/19 to decrease marginally from MY 2017/18 to 29.1 million metric tons (MMT) due to lower canola yields more than offsetting projected increases in area seeded. Total MY 2018/19 oilseed exports are projected slightly lower on anticipated tighter supplies.

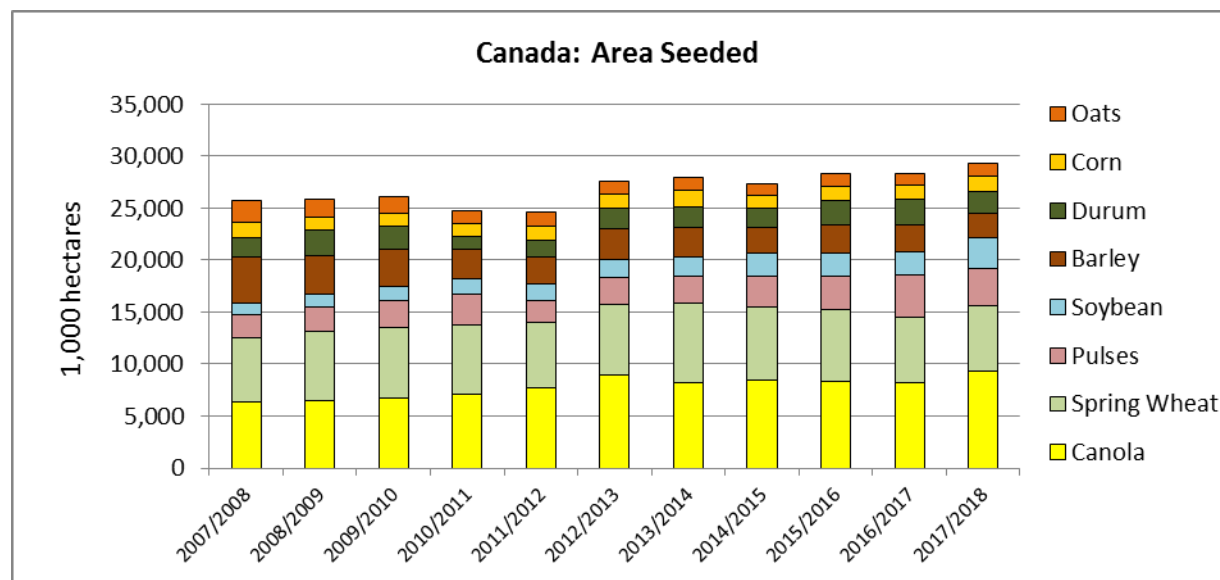
FAS/Ottawa expects total crush in MY 2018/19 to remain high, though flat, at 11.3 MMT, as a small increase in soybean crush offsets a minimal decrease in canola crush. Total oilseed meals and oils production are forecast to tick up slightly in MY 2018/19 on increased soybean crushing. FAS/Ottawa is forecasting total MY 2018/19 protein meal consumption (canola meal, soy meal, sunflower seed meal, and full fat soybeans) to rise 7 percent, on a soymeal equivalent basis, to 3 MMT on expanded livestock production. Total oilseed meals and oils exports in MY 2018/19 are expected to remain unchanged.

Transportation of agricultural commodities, including oilseeds, along north-south and east-west rail corridors has deteriorated since late 2017, as intermodal freight and resurgent extractive industry activity has increased demand for limited rail cars, locomotives and conductors. Reminiscent of the MY 2013/14 rail service disruption, a large MY 2017/18 crop harvest is having difficulty reaching export terminals. Increasingly vocal Canadian agricultural associations and their members are using the disruption to highlight the importance of and to shape the final content of proposed transportation legislation (Bill C-49).

Canada signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on March 8, 2018. Legislation to enact the agreement is expected to pass later this year with an entry-into-force date anticipated in late 2018 or early 2019. CPTPP will expand Canada's access to valuable oilseed oil markets across the Asia-Pacific region, growing value-added oilseed processing in Canada and altering Canadian oilseed and products export composition in the years ahead.

**TOTAL OILSEEDS**

FAS/Ottawa is forecasting a marginal increase in area seeded to canola, soybeans and sunflower seeds in MY 2018/19, reaching a total of 12.4 million hectares, on precipitation accumulation to-date, current market conditions, and historical trends. Total oilseed production is forecast to decrease slightly from MY 2017/18 to 28.7 MMT, on lower canola yields, expected to decrease in line with the five-year average, more than offsetting a minor increase in area seeded. FAS/Ottawa expects a modest 100 MT decline in exports in MY 2018/19 due to steady world demand and tighter domestic supplies.



Source: Statistics Canada, FAS/Ottawa

“Pulses” includes peas, lentils, chickpeas and faba beans [*sic*].

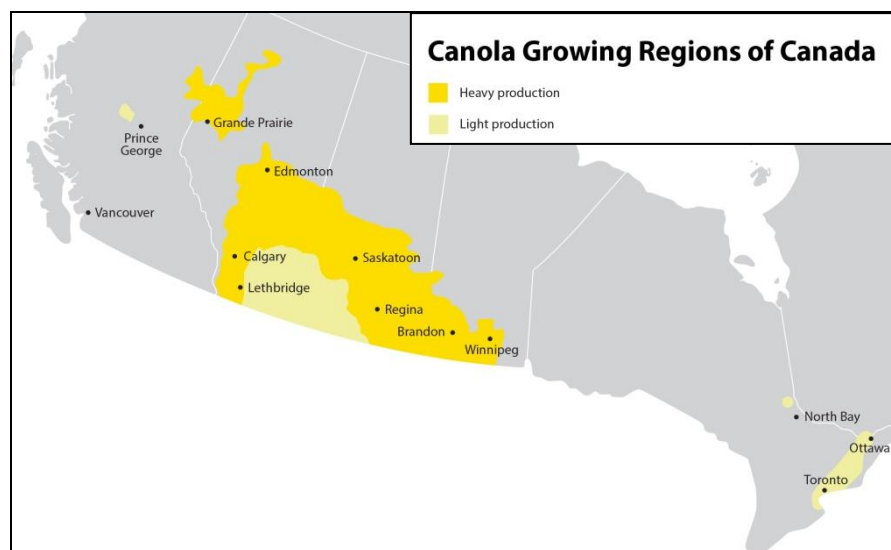
## **RAPESEED (CANOLA), OILSEED**

Oilseed, Rapeseed Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8150	8411	9540	9307	0	9400
Area Harvested	8118	8263	9260	9266	0	9300
Beginning Stocks	2016	2091	1348	1348	0	1600
Production	19600	19599	21500	21313	0	20500
MY Imports	95	95	100	100	0	80
Total Supply	21711	21710	22948	22761	0	22180
MY Exports	11125	11082	11500	11500	0	11200
Crush	9143	9191	9150	9500	0	9400
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	95	164	98	161	0	180
Total Dom. Cons.	9238	9355	9248	9661	0	9580
Ending Stocks	1348	1348	2200	1600	0	1400
Total Distribution	21711	21785	22948	22761	0	22180
Yield	2.4144	2.3719	2.3218	2.3001	0	2.2043
(1000 HA) ,(1000 MT) ,(MT/HA)						

### **MY 2017/18 Canola Production**

Canadian canola production in MY 2017/18 increased 9 percent to 21.3 MMT. The expansion was primarily due to increased area seeded, but also due to improved yields in Manitoba. All canola-

growing provinces except Manitoba experienced increases in area seeded. Average yields in the prairies were down three percent from MY 2016/17, but above the five-year average. For the first time ever, area seeded to canola exceeded area seeded to wheat.



Source: [Canola Council of Canada](http://canolacouncil.ca)

MY 2017/18 production was up 21 percent in Manitoba to 3.1 MMT due to improved yields, despite 16,000 fewer hectares seeded. Despite challenging planting conditions and early-season growing conditions, Manitoba experienced above-average yields and excellent quality. The positive result was welcome surprise after some fields had to be reseeded due to early season stresses such as frost, disease and uneven germination. Wet weather in October 2016 in major canola-producing areas of the province resulted in soil saturation at, or near, capacity, pushing up yields despite drier conditions through the latter half of the growing season. Dry growing conditions, beginning mid-growing season and lasting until September, limited disease pressure further supporting yields and crop quality. The majority of the crop was graded number one.

In Saskatchewan, MY 2017/18 production increased to 11.2 MMT, up nearly 5 percent over the previous marketing year, due primarily to a 13 percent increase in area seeded. Seeding conditions were favorable, but a dry growing season resulted in delayed development and lower than average yields. Most of the province produced No.1 Canada grade, despite major canola-growing areas of the province receiving 40-60 percent of average precipitation during the growing season. Yields were down from the previous crop year but above the five-year average.

The biggest increase in production was in Alberta, which produced an additional 669,100 MT, a growth of 11 percent over MY 2016/17, due to a 12 percent increase in area seeded. The timing of precipitation and a delayed growing season resulted in MY 2017/18 yields that were lower than the previous crop year but above the province's five-year average. Quality varied from north to south, with canola grown in the south generally faring better and receiving a No. 1 Canada grade.

The Edmonton, Alberta area has been prone to [clubroot](#) in recent years, but received a bit of relief in 2017 due to dry growing conditions. Club root is an aggressive soil-borne disease that seriously impacts

yields and thrives in moist conditions. Management of infested fields through sanitation of equipment, crop rotation and use of clubroot resistant varieties are the most effective management strategies.

Producers in Saskatchewan and Manitoba can generally address clubroot issues by rotating canola out for two years, but badly affected regions, such as area around Edmonton, will need a longer rotation break to inactivate or kill off clubroot spores. Clubroot spores can remain dormant for up to 20 years, but can become non-viable after two years in areas not significantly infected.

Clubroot resistant varieties can prevent infestation and seed sellers are encouraging producers to use these varieties early on when clubroot emerges, in order to elongate the period of resistance in new varieties. Some clubroot resistant varieties have proven ineffective after just two years as a result of management practices. However, uptake of new clubroot resistant varieties has been limited, because of a general apprehension of new varieties and perceptions of lower yields.

Despite the fact that clubroot results in lower yields, Alberta producers have been extending canola planting years and delaying traditional crop rotations, in part, because a low-yielding canola crop can earn more than a good-yielding wheat crop. Barley is another crop rotation alternative, but barley is not without financial risks due to strict specifications for malt-grade price premium and the potential that an excellent malt-grade barley crop may only fetch a feed-grade price if malt-grade supplies are relatively large, as is the case in MY 2017/18.

In MY 2017/18, 95 percent of canola was genetically engineered (GE). For more detailed information on GE canola in Canada please refer to the Biotechnology Annual Report [CA17042](#). About 11 percent of canola planted in MY 2017/18 was high-oleic, which is consistent with the five-year average. Seed companies continue to develop varieties with beneficial health traits, however it seems that market demand has plateaued.

#### **Estimated Area Seeded to Biotech Canola**

<b>Area Seeded (1,000 hectares)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Canola	8,912	8,197	8,407	8,363	8,411	9,307
Biotech Canola	8,466	7,787	7,987	7,944	7,990	8,842
<b>Biotech Canola, percentage of total</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>

Source: Statistics Canada, Canola Council, Manitoba Agricultural Services Corporation, Saskatchewan Ministry of Agriculture, FAS Ottawa

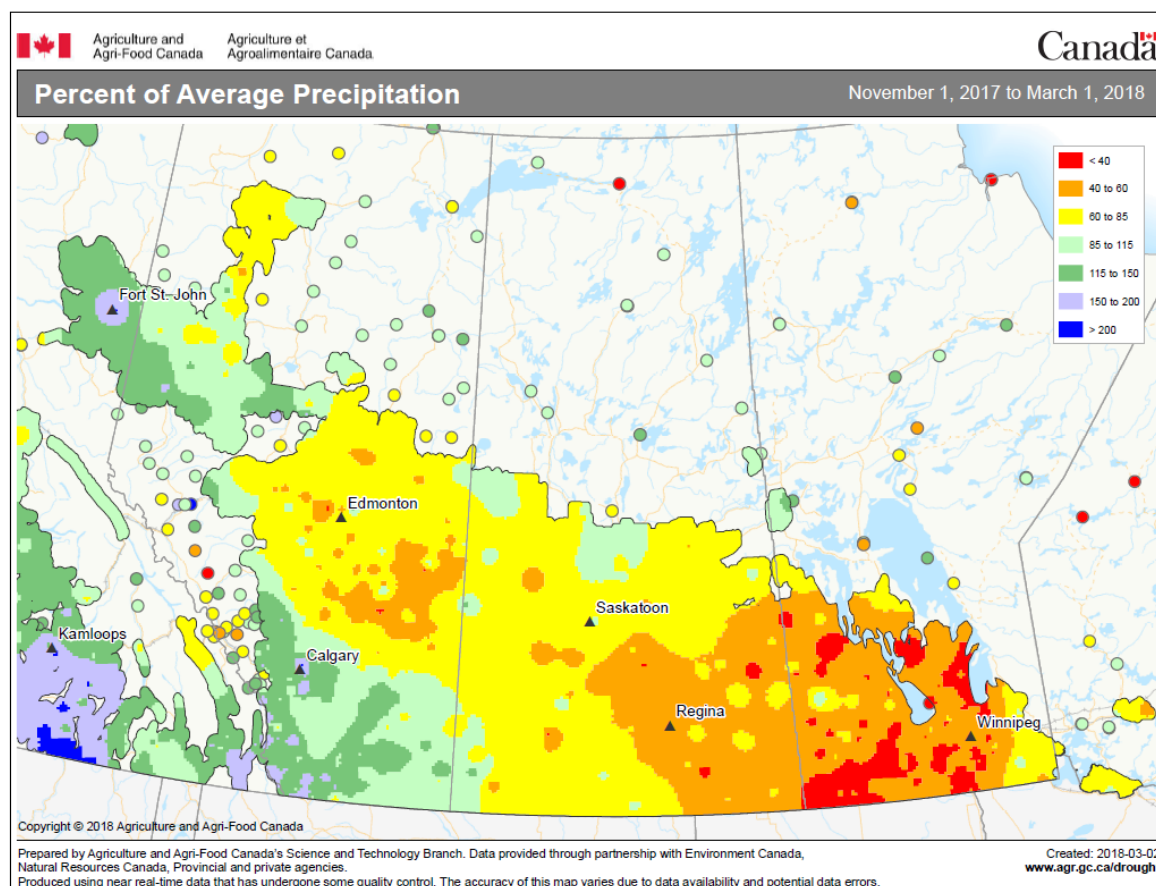
#### **MY 2018/19 Canola Production**

In MY 2018/19, FAS/Ottawa is forecasting production to fall despite an increase in area seeded as yields are expected to fall, based on moisture levels to-date and disease pressures in key growing regions. Yields in MY 2017/18 were generally very good in the prairies, in part because of the very wet 2016/17 winter season that resulted in saturated soil at the time of seeding and helped carry the crop through what would have otherwise been a drought year.

FAS/Ottawa's MY 2018/19 forecast is based on the assumption that yields will fall back in line with the five-year average, in part, because large canola-growing regions of the prairies are expected to experience a drier seeding period than last year, as indicated by the 40-60 percent precipitation received this winter, as of March 1, 2018. While 40-60 percent wouldn't be significantly detrimental to the

coming growing season in an average year, it's potentially damaging to areas like central Saskatchewan that received only 40-60 percent of average precipitation in the previous growing season (April 1 to October 31, 2017). Obtaining yields comparable to the five-year average will depend on improved moisture conditions.

Further, producers operating in moister areas are finding themselves increasingly challenged by yield reductions due to diseases such as clubroot and blackleg.



Source: [Agriculture and Agri-Food Canada](http://www.agr.gc.ca/drought)

Canola producers typically book their seed between October and January, but supplies typically do not ship to the farms until March or April. Until the seed moves to the farms, producers can generally seek a refund if they change their planting intentions. Producers who decide to switch out of pulses and into canola after January can generally still find canola seed in the spring, but will be forced to pay a premium, particularly on newer varieties. As a result, producers have had time to assess the impact of several key events and adjust MY 2018/19 seeding intentions.

First, low winter precipitation levels, in the major canola-growing area of Southern Saskatchewan in particular, may encourage producers to consider growing wheat, barley or oats instead of canola. However, FAS/Ottawa expects rotation out of canola to be constrained, due to profitability concerns surrounding wheat and barley.

Second, Indian tariffs on peas and lentils imposed in September 2017 and in December 2017 may boost area seeded to canola may receive a boost, if prices of peas and lentils deteriorate. However, red lentil producers have the additional option to switch their production to green lentils, particularly in central and south eastern Saskatchewan, two of the primary growing regions in Canada. While red lentils are exported to destinations such as India, green lentils are consumed domestically.

FAS/Ottawa expects provincial shares of national area seeded to canola to remain static in MY 2018/19. Ninety-nine percent of Canadian canola is grown in the prairie provinces. In MY 2017/18, Saskatchewan's provincial share of area seeded to canola nationally was 55 percent (5.2 million hectares), up three percentage points from five years earlier. Alberta was the second largest grower at 30 percent (2.8 million hectares), down two percentage points from five years ago. Canola production in Alberta is expected to remain the same or decrease, due to an increase in area seeded that is offset by average or lower yield. Despite a forecasted increase in area, production may decline in Saskatchewan and Manitoba, due to yields that are expected to move closer in line with each province's respective five-year average.

### Northern Ontario Canola Production



Source: Canola Council of Canada, FAS/Ottawa

Though Ontario represents less than one percent of national production, FAS/Ottawa expects area seeded to canola to continue to grow. In MY 2018/19, FAS/Ottawa anticipates a minimal Ontario production increase as area seeded to canola in the northern Ontario regions of Temiskaming Shores, Earlton and Cache Bay offsets marginal decreases in the south. While northern producers have been encouraged by excellent yields, due in part to cool temperatures, clubroot will be on the radar in MY 2018/19 after 6-8 fields were infected in 2017, in all major canola-growing areas of the province. Occurrences are only expected to increase. With limited varieties available to producers in Ontario, management could be challenging.

FAS/Ottawa expects 95 percent of canola grown in Canada will be genetically engineered in MY 2018/19, consistent with the past six years.

In addition to research into clubroot resistant varieties, another new technology experiencing making an impact on canola production is shatter-resistant canola pod varieties. Canola farmers can lose a large share of their harvest if the canola seed pods split open in the field, and shatter-resistant canola pods allow producers to straight cut their crop instead of swathing, increasing yield by anywhere between one to four bushels per acre.



Research in canola continues in the areas of: clubroot resistance; germplasm development; weather-based, near real time crop insect pest monitoring; and assessing the impact of disease and insects on canola production. The stacking of traits, in particular clubroot resistance, blackleg resistance and pod-shatter resistance is an important theme in the field for 2018.

Canada has been waiting for over six years for key export market China to approve three canola products. China has completed all scientific reviews, and now only needs administrative sign-off and political approval. The canola industry estimates that each year without Chinese approval, Canada farmers are losing about \$400 million CAD in income from unrealized yield gains, on top of potential upstream value lost to the broader Canadian economy.

The Canola Council of Canada's *Keep It Coming* goal for 2025 is to have 22 million total acres of canola, one third of which would be high-oleic and other specialty types. FAS/Ottawa does not expect to high-oleic varieties to make up more than 11 percent of total area seeded in MY 2018/19, as the market demand appears to have leveled off.

## Canola Exports

Canada is highly dependent on export markets, with 50-60 percent of canola seed exported abroad. Canola seed exports in MY 2017/18 are forecast to grow four percent, based on the strong pace of exports to China and Japan. CPTPP will not have an impact on the MY 2018/19 forecast, because the entry-into-force date will be well into or after the crop year.

Canola Seed Exports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2,015	2,016	2017	2015	2016	2017	
World	T	9,215,693	10,282,445	11,081,554	100.00	100.00	100.00	7.77
China	T	4,105,507	4,015,641	4,028,618	44.55	39.05	36.35	0.32
Japan	T	2,051,059	2,179,396	2,214,212	22.26	21.20	19.98	1.60
Mexico	T	1,406,171	1,382,138	1,565,196	15.26	13.44	14.12	13.24
Pakistan	T	514,838	1,080,856	931,687	5.59	10.51	8.41	- 13.80
United Arab Emirates	T	343,983	587,202	763,053	3.73	5.71	6.89	29.95
United States	T	666,677	381,911	664,662	7.23	3.71	6.00	74.04

Source: Statistics Canada, Global Trade Atlas

## Canola Imports

Canola imports remain minimal.

Canola Seed Imports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	76,586	104,979	94,602	100.00	100.00	100.00	- 9.88
United States	T	73,116	98,997	88,978	95.47	94.30	94.06	- 10.12
Chile	T	3,138	5,773	5,520	4.10	5.50	5.84	- 4.37

Source: Statistics Canada, Global Trade Atlas



## Canola Ending Stocks

MY 2017/18 ending stocks are forecast at 1.6 MMT for a stocks-to-use ratio of 7 percent. This is still considered to be fairly tight, despite being up 19 percent over the previous crop year. When storage stocks drop below 1 MMT, as they last did in MY 2011/12 and MY 2012/13, they are considered extremely tight.

According to Statistics Canada, December 2017 on-farm stocks were up 9 percent over MY 2016/17 to a record 1.25 MMT, indicating that producers were holding their crop and producer deliveries into licensed facilities would likely occur later than usual. Commercially-held stocks were down 12 percent, while total December stocks were reported up 6 percent.

## SOYBEAN, OILSEED

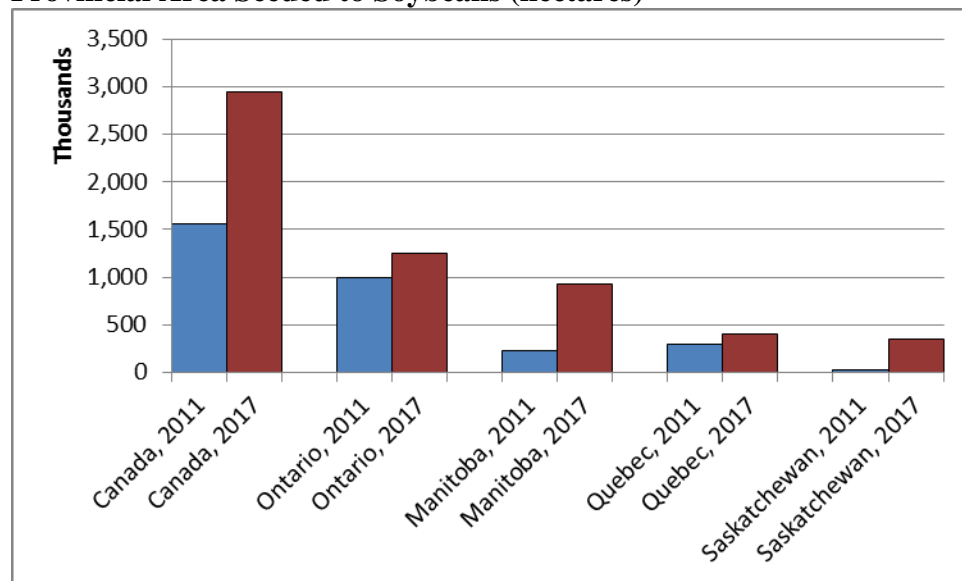
Oilseed, Soybean Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2240	2269	2900	2947	0	2970
Area Harvested	2205	2232	2900	2935	0	2960
Beginning Stocks	301	301	380	359	0	400
Production	6552	6597	8000	7717	0	8100
MY Imports	486	486	480	300	0	300
Total Supply	7339	7384	8757	8376	0	8800
MY Exports	4591	4591	5500	5800	0	6000
MY Exp. to EU	1128	0	1200	0	0	0
Crush	2000	1858	2000	1800	0	1900
Food Use Dom. Cons.	0	0	0	0	0	null
Feed Waste Dom. Cons.	471	654	625	376	0	500
Total Dom. Cons.	2471	2512	2625	2176	0	2400
Ending Stocks	277	359	632	400	0	400
Total Distribution	7339	7462	8757	8376	0	8800
Yield	2.9714	2.9556	2.7586	2.6293	0	2.7365

(1000 HA) ,(1000 MT) ,(MT/HA)

## MY 2017/18 Soybean Production

Producers are increasingly seeding soybeans on land traditionally sown to wheat, particularly in Manitoba, where area seeded to soybeans has grown significantly and is currently approaching the total area seeded in Canada's leading producer, Ontario, six years ago. In MY 2017/18, area seeded to soybeans in the prairies was up 67 percent over the previous crop year, growing national area seeded by nearly 20 percent as Manitoba added 261,000 hectares and Saskatchewan added 247,000 hectares.

### Provincial Area Seeded to Soybeans (hectares)



Source: Statistics Canada, FAS/Ottawa

Of the 437 MY 2017/18 samples submitted to the Canadian Grain Commission's Harvest Sample Program from across the country, 32 percent graded Soybean, No. 1 Canada and 65 percent Soybean, No. 2 Canada.

In Ontario, MY2017/18 production was up 11 percent due to an increase in area seeded. Yields were close to average despite a very wet spring and a cool growing season. According to Canadian Grain Commission data, protein levels were 39.4 percent and oil content was 20.9 percent, both of which were marginally below the five-year provincial average.

In Manitoba, production increased by 27 percent over MY 2016/17 on increased area seeded and yields that were in line with the five-year average. A wet winter followed by timely precipitation during the pod-filling period of July and August were of crucial importance. According to Canadian Grain Commission data, protein levels were 37.4 percent and oil content was 21.0 percent, in line with the five-year provincial average.

In Saskatchewan, MY 2017/18 production more than doubled from MY 2016/17, due to an increase in area seeded that pushed Saskatchewan's share of national production to six percent. Dry conditions resulted in lower yields and protein content than the previous crop year. The province's canola fared better than its soybeans for two main reasons. First, dry conditions occurred during the pod-filling period of July and August, a crucial development period for soybeans. Second, soybean roots only

reach a foot into the ground, in contrast to canola's roots which go down three to four feet and access more moisture and nutrients.

FAS/Ottawa estimates that about 83 percent of soybeans grown in Canada were genetically engineered (GE). For more information on GE soybeans grown in Canada, please refer to the Biotechnology Annual Report [CA17042](#).

### Area Seeded to Biotech Soybeans by Province

Area Seeded (hectares)		2012	2013	2014	2015	2016	2017
Ontario	Soybeans	1,048,100	1,052,200	1,242,400	1,185,700	1,126,400	1,244,400
	Biotech soybeans	704,200	657,600	762,800	744,600	718,300	890,300
	Biotech soybeans, percentage of total	67%	62%	61%	63%	64%	72%
Manitoba	Soybeans	333,900	424,900	526,100	570,600	665,900	926,700
	Biotech soybeans	320,544	412,153	510,317	553,482	652,582	917,433
	Biotech soybeans, percentage of total	96%	97%	97%	97%	98%	99%
Quebec	Soybeans	285,700	295,500	358,150	344,000	351,700	398,000
	Biotech soybeans	168,000	205,000	208,000	191,000	221,700	265,000
	Biotech soybeans, percentage of total	59%	69%	58%	56%	63%	67%
Saskatchewan	Soybeans	580,000	688,800	109,300	109,300	97,100	344,000
	Biotech soybeans	550,000	668,136	106,021	106,021	95,158	340,560
	Biotech soybeans, percentage of total	95%	97%	97%	97%	98%	99%
Prince Edward Island	Soybeans	20,800	23,100	25,500	20,200	18,200	20,200
	Biotech soybeans	17,888	19,866	21,165	15,958	14,742	17,170
	Biotech soybeans, percentage of total	86%	86%	83%	79%	81%	85%
Nova Scotia	Soybeans	3,800	4,000	4,900	4,500	4,500	5,100
	Biotech soybeans	3,800	4,000	4,900	4,500	4,500	5,100
	Biotech soybeans, percentage of total	100%	100%	100%	100%	100%	100%
New Brunswick	Soybeans	4,000	6,500	5,300	4,500	5,400	8,500
	Biotech soybeans	3,600	5,850	4,770	4,050	4,860	7,650
	Biotech soybeans, percentage of total	90%	90%	90%	90%	90%	90%
Canada	Soybeans	2,276,300	2,495,000	2,271,650	2,238,800	2,269,200	2,946,900
	Biotech soybeans	1,768,032	1,972,605	1,617,973	1,619,611	1,711,842	2,443,213
	Biotech soybeans, percentage of total	78%	79%	71%	72%	75%	83%

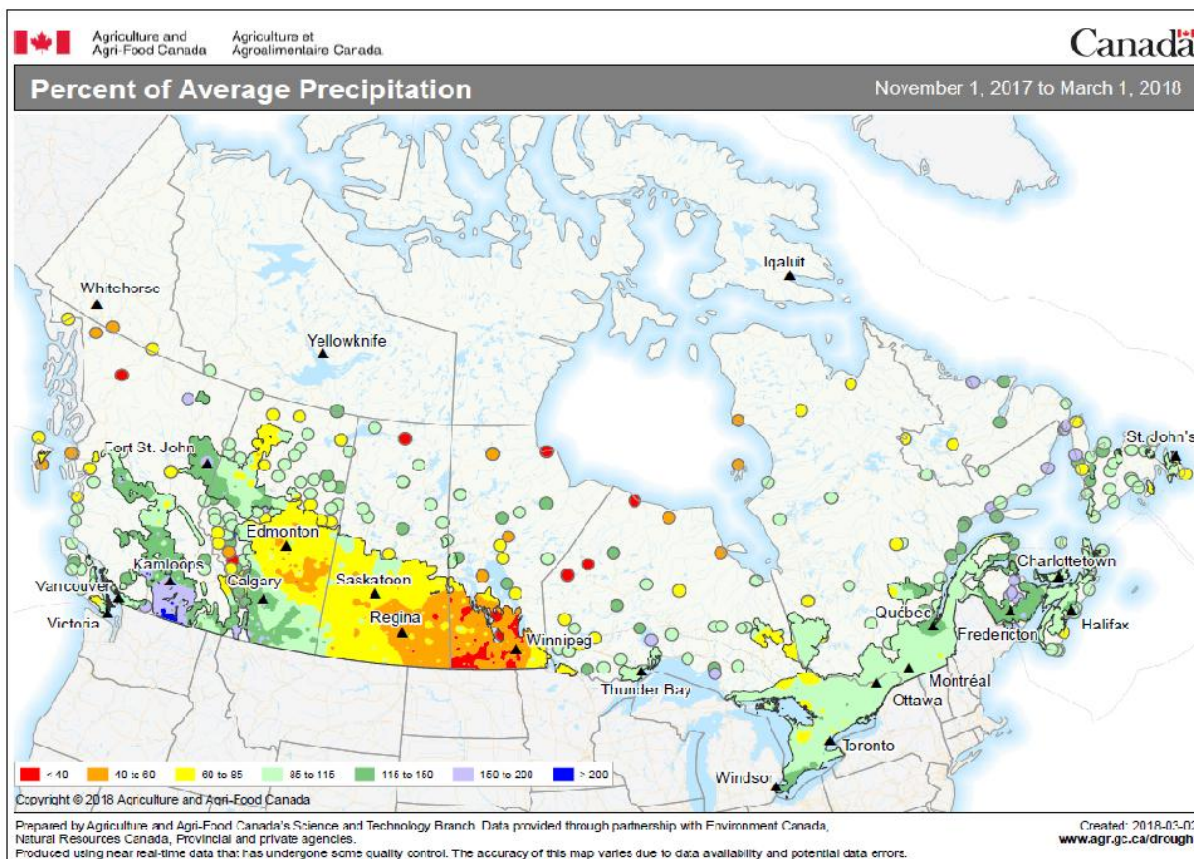
SOURCE: Statistics Canada CANSIM Table 001-0072 for Ontario and Quebec data; Manitoba Agricultural Services Corporation; Saskatchewan Ministry of Agriculture; Prince Edward Island Ministry of Agriculture and Fisheries; New Brunswick Ministry of Agriculture.

Statistics Canada data has been revised for the years 2011 to 2016 since the publication of FAS/Ottawa's biotechnology report. The Statistics Canada data is based on its Farm survey on seeded areas and the November Farm survey on final crop production

### MY 2018/19 Soybean Production

FAS/Ottawa expects area seeded to soybeans to remain fairly flat in MY 2018/19, as marginal increases in area seeded in Ontario offset slight decreases in area seeded in the prairies.

FAS/Ottawa expects area seeded in Ontario to increase due to relatively attractive returns and promising planting conditions with favorable soil moisture levels to-date. Rotations are fairly fixed in Ontario, making it unlikely that there will be a significant swing up or down in soybean area. Production is forecast to increase in MY 2018/19 on yields comparable to the five-year average and slightly higher area planted.



In MY 2018/19, attractive returns should guarantee a continuation of near record-high levels of area seeded in Manitoba. However, poor seeding conditions from limited moisture levels are expected to temper recent double-digit growth. Unless Manitoba receives significant precipitation before planting, some producers are expected to switch to wheat, barley or oats, which grow better in drier conditions and have a shorter growing season.

Area seeded to [identity preserved](#) (IP) soybean is expected to increase in 2018, on discernible price premia and strong Japanese demand for non-GE soybeans used in soy foods. Demand for IP soybeans is also up in Indonesia and elsewhere in Asia. IP soybeans can be GE or non-GE.

FAS/Ottawa expects 85 percent of soybeans grown in Canada will be genetically engineered in MY 2018/19, up from 83 percent in MY 2017/18. While adoption of GE varieties has plateaued in most provinces, GE area seeded in Ontario is expected to gradually increase.

### Soybean Exports

FAS/Ottawa expects soybean exports to grow in MY 2017/18 on increased production and strong demand from China. Soybean exports to China increased 55 percent in MY 2016/17 over the previous year, and are expected to continue to grow in order to meet a soaring appetite for soymeal in animal feed. Not only are the volume of pigs, poultry and farmed fish increasing in number, but soy feeds

processed in China are replacing other protein sources such as canola products and distillers dried grains with solubles (DDGS).

Soybean Export Statistics								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	3,854,642	4,235,946	4,591,269	100.00	100.00	100.00	8.39
China	T	793,885	1,287,239	2,004,985	20.60	30.39	43.67	55.76
Japan	T	369,207	361,616	354,096	9.58	8.54	7.71	- 2.08
Netherlands	T	766,152	343,152	304,484	19.88	8.10	6.63	- 11.27
United States	T	537,833	308,834	195,857	13.95	7.29	4.27	- 36.58
Norway	T	104,895	104,805	186,928	2.72	2.47	4.07	78.36
Iran	T	66,000	196,938	180,761	1.71	4.65	3.94	- 8.21
Italy	T	161,607	190,053	169,383	4.19	4.49	3.69	- 10.88
Germany	T	13,577	85,607	162,067	0.35	2.02	3.53	89.32
Spain	T	123,068	36,999	150,282	3.19	0.87	3.27	306.17
Malaysia	T	122,126	131,432	146,220	3.17	3.10	3.18	11.25

Source: Statistics Canada, Global Trade Atlas

### Soybean Imports

In MY 2017/18, lower import volumes are expected due to a slower pace of shipments from the United States, as evidenced by Statistics Canada data and reports by the Canadian National Railway. Industry sources indicate imports from India, Ukraine and China may be driven by Canadian demand for organic feed inputs.

Soybean Import Statistics								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	337,434	286,252	486,208	100.00	100.00	100.00	69.85
United States	T	255,839	223,927	396,103	75.82	78.23	81.47	76.89
India	T	62,932	29,309	57,822	18.65	10.24	11.89	97.28
Ukraine	T	9,098	13,665	25,178	2.70	4.77	5.18	84.25
China	T	4,199	3,904	3,623	1.24	1.36	0.75	- 7.20

Source: Statistics Canada, Global Trade Atlas

## **SUNFLOWER SEED, OILSEED**

Oilseed, Sunflowerseed Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	28	28	26	26	0	26
Area Harvested	28	28	26	26	0	26
Beginning Stocks	17	17	14	14	0	14
Production	51	51	58	58	0	55
MY Imports	30	30	25	25	0	25
Total Supply	98	98	97	97	0	94
MY Exports	30	30	24	24	0	25
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	9	9	9	9	0	9
Feed Waste Dom. Cons.	45	45	50	50	0	50
Total Dom. Cons.	54	54	59	59	0	59
Ending Stocks	14	14	14	14	0	10
Total Distribution	98	98	97	97	0	94
Yield	1.8214	1.8214	2.2308	2.2308	0	2.1154

(1000 HA) ,(1000 MT) ,(MT/HA)

Nearly 90 percent of Canadian sunflower production takes place in Manitoba. In MY 2017/18, average sunflower yields were at a record high and quality was good. Sunflowers are a drought-tolerant crop and did well with lack of precipitation.

The National Sunflower Association of Canada estimates that approximately 50 percent of national production will be of the confectionary type processed in the shell or dehulled for the snack market and/or the baking industry, down from 70 percent two years ago. The other 50 percent will be sold as an oilseed. The higher producer risk from planting for the confectionary market has driven the balancing of production.

There is currently no large scale crushing facility in Manitoba, so most Canadian sunflower seed production is either processed in the province for the bird food market or exported to crushing facilities in the United States. A small-scale, Manitoba processor began crushing sunflower seeds, soybeans and canola in 2017, though crush volumes are expected to remain negligible.

FAS/Ottawa expects area seeded and production to remain fairly flat in MY 2018/19. Exports and imports are also expected to remain flat.

## **OILSEED MEALS**

Total oilseed meal production is expected to increase in MY 2017/18 and again in MY 2018/2019, led by increased soy meal production. Oilseed meals continue to benefit from growing global demand, particularly in Asia.

There are currently 14 crushing facilities in Canada, including 11 canola crushing plants in the prairies, two in Ontario that crush canola and soybeans, and one plant in Quebec that also crushes both canola and soybeans.

## Soy Meal Equivalent (SME) Protein Consumption

Protein Meal	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Meal, Soybean	2,050	2,050	1,979	2,052	2,132
Meal, Rapeseed	533	620	500	620	630
Soybean (full fat)	618	646	654	376	500
Meal, Sunflowerseed	41	50	45	50	50
<b>Total in SME</b>	<b>2,951</b>	<b>3,041</b>	<b>2,888</b>	<b>2,827</b>	<b>3,014</b>

Source: Statistics Canada, COPA, FAS/Ottawa

All data in 1,000 MT

Marketing year: Aug/July

## RAPESEED (CANOLA) MEAL

Meal, Rapeseed Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	9143	9191	9150	9500	0	9400
Extr. Rate, 999.9999	0.5687	0.5603	0.5683	0.5579	0	0.5638
Beginning Stocks	97	97	102	91	0	96
Production	5200	5150	5200	5300	0	5300
MY Imports	26	25	23	25	0	25
Total Supply	5323	5272	5325	5416	0	5421
MY Exports	4681	4681	4800	4700	0	4700
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	540	500	450	620	0	630
Total Dom. Cons.	540	500	450	620	0	630
Ending Stocks	102	91	75	96	0	91
Total Distribution	5323	5272	5325	5416	0	5421

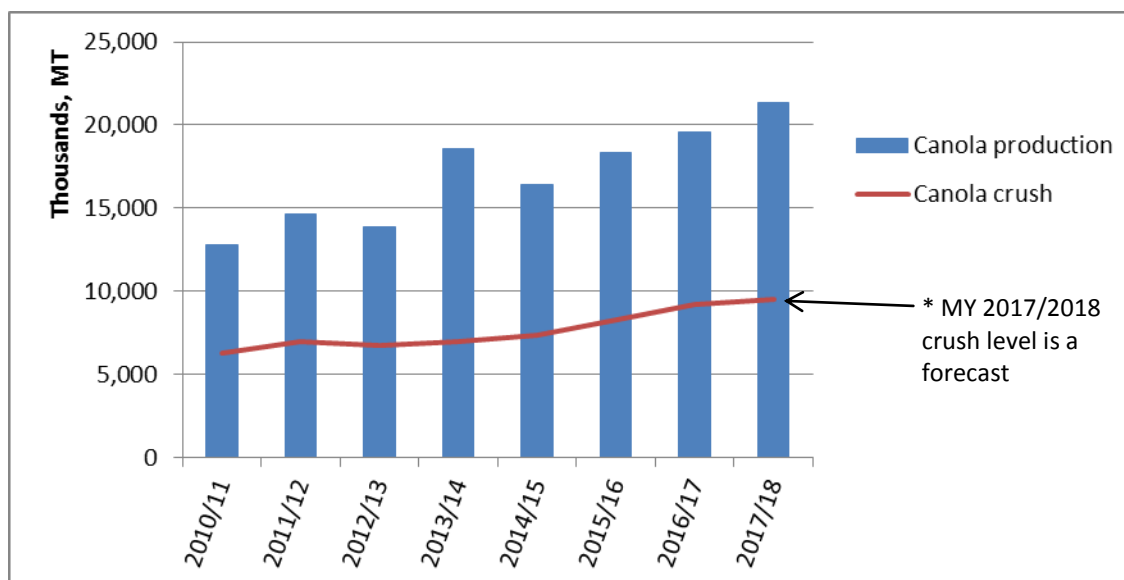
(1000 MT) ,(PERCENT)

Domestic canola crush is forecast to rise to 9.5 MMT in MY 2017/18, as the industry operates near full capacity. Canola meal production continues to benefit from growing global demand, particularly in Asia.

Current canola crushing capacity is about 10 MMT and there has been no increase in capacity since 2015. If realized, plans to expand capacity at an Alberta crushing facility could add another 250,000 MT of capacity in 2018.

Canola meal is sold at a discount compared to soybean meal due to its lower protein content. The majority of canola meal produced in Canada is exported to the United States for use in the dairy industry.





Source: Canadian Oilseed Processors Association, Statistics Canada, FAS/Ottawa

MY 2017/18 crush is expected to increase three percent over the previous crop year. Canola crush pace this marketing year-to-date (Aug-Jan) is down one percent from MY 2016/17, but is expected to increase as producer deliveries increase later into the crop year than usual. Canola processing is expected to run close to capacity in the final five months of the crop year, encouraged by improved crushing margins that have increased significantly due to tighter global soybean supplies, driving soy complex prices up, and a weakening of the Canadian dollar against the U.S. dollar.

Canola Meal Exports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	3,647,453	4,100,160	4,680,782	100.00	100.00	100.00	14.16
United States	T	3,447,796	3,582,367	3,611,224	94.53	87.37	77.15	0.81
China	T	20,471	316,469	909,191	0.56	7.72	19.42	187.29
Thailand	T	59,298	106,728	72,590	1.63	2.60	1.55	- 31.99
Mexico	T	19,937	18,937	30,589	0.55	0.46	0.65	61.53
Ireland	T	-	46,287	20,608	0.00	1.13	0.44	- 55.48

Source: Statistics Canada/ Global Trade Atlas

The percentage of Canadian canola crushed domestically is expected to be 45 percent in MY 2017/2018, consistent with the five year average. In MY 2018/2019, domestic crush is expected to remain fairly flat, constrained by capacity but encouraged by global demand for canola product.

## SOYBEAN MEAL

Meal, Soybean Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2000	1858	2000	1800	0	1900
Extr. Rate, 999.9999	0.784	0.7734	0.784	0.7778	0	0.7737
Beginning Stocks	57	57	44	44	0	52
Production	1568	1437	1568	1400	0	1470
MY Imports	821	821	900	950	0	950
MY Imp. from U.S.	802	0	875	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2446	2315	2512	2394	0	2472
MY Exports	292	292	300	290	0	290
MY Exp. to EU	40	0	40	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2110	1979	2160	2052	0	2132
Total Dom. Cons.	2110	1979	2160	2052	0	2132
Ending Stocks	44	44	52	52	0	50
Total Distribution	2446	2315	2512	2394	0	2472
(1000 MT) ,(PERCENT)						

Soybean Meal Exports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	211,958	334,535	291,529	100.00	100.00	100.00	- 12.86
United States	T	182,265	248,870	204,528	85.99	74.39	70.16	- 17.82
Ireland	T	24,078	21,991	30,195	11.36	6.57	10.36	37.31
Denmark	T	-	-	29,572	0.00	0.00	10.14	0.00
United Kingdom	T	31	18,800	25,314	0.01	5.62	8.68	34.65
Dominican Republic	T	-	-	583	0.00	0.00	0.20	0.00

Source: Statistics Canada/ Global Trade Atlas

Current soybean crushing capacity is estimated at 3.2 MMT. There are two crushing plants in Ontario that crush canola and soybeans, and one plant in Quebec that also crushes both canola and soybeans. While there are discussions of building a soybean crush facility in the Canadian Prairies, there are currently no plans to do so.

Soybean crush volume has been somewhat flat for the past few years. Year-to-date MY 2017/18 data (Aug-Jan) indicates soybean processing is down 3 percent year-over-year to 942,837 MT, and total MY 2017/18 crush is forecast to be down 3 percent on weak soymeal prices. In MY 2018/19, soybean crush volumes are forecast to return to MY 2016/17 levels.



The majority of canola product exported to the United States, is exported in the form of canola oil, representing 63 percent of the total volume of Canada's canola oil exports in MY 2016/17. By contrast, just six percent of exported canola seed went to the United States in MY 2016/17.

Canola Oil Exports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	2,409,359	2,767,476	3,133,384	100.00	100.00	100.00	13.22
United States	T	1,630,668	1,772,814	1,961,315	67.68	64.06	62.59	10.63
China	T	429,953	557,687	800,382	17.85	20.15	25.54	43.52
Korea South	T	120,528	103,782	119,568	5.00	3.75	3.82	15.21
Chile	T	54,715	37,199	67,237	2.27	1.34	2.15	80.75

Source: Statistics Canada, Global Trade Atlas

In September 2017, the United States issued preliminary countervailing duties against biodiesel from Argentina and Indonesia, which has the implication that more biodiesel will need to found elsewhere or produced in the United States, assuming no change to the Renewable Fuel Standard. The United States could demand more canola oil from Canada next year to meet feedstock demand.

Canola Oil Imports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
World	T	32026	45748	54487	100.00	100.00	100.00	19.10
United States	T	28019	44252	52956	87.49	96.73	97.19	19.67

Source: Statistics Canada/ Global Trade Atlas

## **SOYBEAN OIL**

Oil, Soybean Market Begin Year	2016/2017		2017/2018		2018/2019	
	Aug 2016		Aug 2017		Aug 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Canada						
Crush	2000	1858	2000	1800	0	1900
Extr. Rate	0.18	0.1884	0.18	0.1833	0	0.1842
Beginning Stocks	28	21	8	8	0	8
Production	360	350	360	330	0	350
MY Imports	23	23	25	25	0	25
Total Supply	411	394	393	363	0	383
MY Exports	175	175	160	155	0	175
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	228	211	225	200	0	200
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	228	211	225	200	0	200
Ending Stocks	8	8	8	8	0	8
Total Distribution	411	394	393	363	0	383

(1000 MT) ,(PERCENT)

In line with lower projected soybean crushing in MY 2017/18, FAS/Ottawa expects soybean oil production and exports to fall slightly in MY 2017/18 before rebounding in MY 2018/19.

Soybean Oil Exports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change
		2015	2016	2017	2015	2016	2017	2017/2016
World	T	117,911	150,539	175,064	100.00	100.00	100.00	16.29
United States	T	105,757	124,763	145,397	89.69	82.88	83.05	16.54
Korea South	T	345	209	15,037	0.29	0.14	8.59	7088.17
Egypt	T	0	0	6,023	0.00	0.00	3.44	0.00
Algeria	T	10,008	11,811	6,021	8.49	7.85	3.44	- 49.02

Source: Statistics Canada/ Global Trade Atlas

Soybean Oil Imports								
Year Ending: July								
Partner Country	Unit	Quantity			% Share			% Change
		2015	2016	2017	2015	2016	2017	2017/2016
World	T	34,348	18,251	23,031	100.00	100.00	100.00	26.19
United States	T	33,974	17,805	22,736	98.91	97.55	98.72	27.70

Source: Statistics Canada/ Global Trade Atlas

## **PEANUTS**

Oilseed, Peanut Market Begin Year Canada	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	7	7	8	8	0	9
Production	0	0	0	0	0	0
MY Imports	167	167	172	172	0	180
Total Supply	174	174	180	180	0	189
MY Exports	2	2	2	2	0	2
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	164	164	169	169	0	178
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	164	164	169	169	0	178
Ending Stocks	8	8	9	9	0	9
Total Distribution	174	174	180	180	0	189
Yield	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

Peanut production in Canada is constrained by climatic conditions, with insufficient heat limiting quality and yield potential. As a result, peanut production is limited to a few farms in southern Ontario and Canada will remain a net importer of peanuts, with the United States and China being the top suppliers.

## **POLICY DEVELOPMENTS**

## **Transportation**

Rail service disruption from September 2017 continuing through March 2018 has affected Canadian movement of oilseeds, grain and pulses, as well as their products. The ports of Thunder Bay (ON), Vancouver (BC), and Prince Rupert (BC) have all been impacted and shipments are backlogged.

According to the Ag Transport Coalition (ATC), the Canadian National Railway Company's (CN) overall car order fulfilment rate dropped to 56 percent in fall 2017. In a more recent report from ATC, in the seven-day period that ended February 3 (week 27 of the 2017/18 crop year), CN supplied just 54 percent of the grain hopper cars that were ordered.

The disruption is due to a failure of rail companies to manage increased demand from intermodal shipping and fracking sand, leading to a shortage of locomotives and crews. Delays have also been attributed to extreme cold weather in the prairies and large volumes of snow.

FAS/Ottawa is not aware of any situations where the rail disruption has impacted U.S. exports of oilseed or oilseed products to Canada; however, U.S. exports of corn have been impacted and the situation continues to be monitored. Canadian oilseeds and products may lose market share to foreign competition, as occurred during the 2013/14 rail service disruption.

The costs of the disruption to the Canadian oilseeds industry could be significant. Oilseed buyers (who order the cars, which are allotted to them ahead of time by the rail companies) are already discounting price offers for oilseeds, because of the additional risk of rail service disruption. On top of vessel demurrage costs, end-use buyers are also factoring in contract extension penalties, which will further diminish returns to Canadian producers.

If the extended interswitching provision (a revised version of which is found in Bill C-49) had not been allowed to expire in July 2017, agricultural producer groups believe the current situation would be somewhat less dire. Other provisions of Bill C-49, such as a reciprocal penalties provision in service agreements, would not have prevented this service disruption from occurring, because it would not have helped CN manage the increase in demand. This is evident in the fact that non-agricultural commodities, such as fracking sand, are also experiencing financial losses. Additional information on Bill C-49's progress through the Canadian Parliament can be found [here](#).

## **CPTPP**

Canada and the ten other CPTPP member countries signed the agreement in Chile on March 8, 2018. Canada has stated that it will sign and ratify the agreement expeditiously.

CPTPP will not have an impact on the MY 2018/19 canola forecast, because the entry-into-force date will be well into or after the crop year. However, CPTPP should lead to more Canadian processing of canola for export as oil and meal as well as proportionally lower seed exports as key markets, like Japan, lower tariff barriers to Canadian canola oil. Japan's 16 percent tariff on Canadian canola oil will begin a five-year phase-out when CPTPP comes into force, while Japan's tariff on Australian canola oil has already begun to phase-out under the Japan-Australia Economic Partnership Agreement. As soybean oil in Japan has lost utilization market share to canola oil and, more recently, to palm oil, FAS/Ottawa

anticipates a more modest impact from CPTPP tariff reduction on Canadian exports of soybean oil to Japan, which have been negligible.

Japan Imports of Canola Seed									
Year Ending: July									
Rank	Partner Country	Unit	Quantity			% Share			% Change
			2014/2015	2015/2016	2016/2017	2015	2016	2017	2017/2016
	World	T	2,476,393	2,422,626	2,448,660	100.00	100.00	100.00	1.07
1	Canada	T	2,168,576	2,318,861	2,308,942	87.57	95.72	94.29	- 0.43
2	Australia	T	307,670	103,109	139,619	12.42	4.26	5.70	35.41
7	United States	T	0	517	1	0.00	0.02	0.00	- 99.81

Source: Japan Ministry of Finance, Global Trade Atlas

Japan Imports of Canola Oil									
Year Ending: July									
Rank	Partner Country	Unit	Quantity			% Share			% Change
			2015	2016	2017	2015	2016	2017	2017/2016
	World	T	18003	17898	14431	100.00	100.00	100.00	- 19.37
1	Australia	T	10405	2422	6850	57.80	13.53	47.47	182.81
2	Canada	T	6093	14197	5827	33.85	79.32	40.38	- 58.96
3	Germany	T	652	689	1186	3.62	3.85	8.22	72.16
4	Malaysia	T	76	91	182	0.42	0.51	1.26	100.00
5	United States	T	582	324	99	3.23	1.81	0.69	- 69.46

Source: Japan Ministry of Finance, Global Trade Atlas