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Canada

Grain and Feed Update

January 2017

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Report Highlights:
Wheat production in 2016/2017 was up 15 percent from 2015/2016 at 31.7 MMT as stronger yields made up for a 7 percent drop in harvested area. Post expects fewer exports of wheat for 2016/2017 as quality in the major wheat producing provinces of Western Canada was hurt by frost, snow and excess rain delaying the fall harvest. Post expects to see a 5 percent drop in exports due to both smaller carry-in stocks from 2015/2016 and quality issues as a result of the difficult 2016/2017 harvest. However, Post is also forecasting fewer imports of wheat in 2016/2017 due to higher production coupled with fewer export volumes.

Grain and Feed Update – January

General Information:

Overall production of most grain in Canada is up in 2016/2017 despite delays in harvest for some parts of the Prairies due to rain, frost and snow, which negatively impacted quality. Grain prices for 2016/2017 are expected to trend lower than in the previous year. Total production of Canadian wheat, barley, corn and oats is expected to reach 56.8 MMT in 2016/2017, up 7.6 percent from 52.8 MMT in 2015/2016.

Wheat Production, Supply and Demand Statistics:

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,480	9,480	9,577	9,577	8,878	8,878
Beginning Stocks	10,405	10,405	7,054	7,054	5,171	5,171
Production	29,420	29,420	27,594	27,594	31,700	31,700
MY Imports	486	486	491	491	485	485
TY Imports	490	490	492	492	485	485
TY Imp. from U.S.	348	348	340	340	0	0
Total Supply	40,311	40,311	35,139	35,139	37,356	37,356
MY Exports	24,164	24,164	22,134	22,134	21,000	21,000
TY Exports	24,877	24,877	22,141	22,141	21,000	21,000
Feed and Residual	3,763	3,763	2,634	2,634	5,000	5,000
FSI Consumption	5,330	5,330	5,200	5,200	5,200	5,200
Total Consumption	9,093	9,093	7,834	7,834	10,200	10,200
Ending Stocks	7,054	7,054	5,171	5,171	6,156	6,156
Total Distribution	40,311	40,311	35,139	35,139	37,356	37,356
(1,000 HA) ,(1,000 MT)						

Wheat production in 2016/2017 was up 15 percent from 2015/2016 at 31.7 MMT as stronger yields made up for a 7 percent drop in harvested area. Post expects fewer exports of wheat for 2016/2017 as

quality in the major wheat producing provinces of Western Canada was hurt by frost, snow and excess rain delaying the fall harvest. Post expects to see a 5 percent drop in exports due to both smaller carry-in stocks from 2015/2016 and quality issues as a result of the difficult 2016/2017 harvest. However, Post is also forecasting fewer imports of wheat in 2016/2017 due to higher production coupled with fewer export volumes.

Barley Production, Supply and Demand Statistics:

Barley	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		May 2015		Aug 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,136	2,136	2,354	2,354	2,220	2,223
Beginning Stocks	1,950	1,950	1,217	1,217	1,443	1,443
Production	7,119	7,119	8,226	8,226	8,800	8,784
MY Imports	136	136	161	161	75	75
TY Imports	165	165	131	131	75	75
TY Imp. from U.S.	77	77	31	31	0	0
Total Supply	9,205	9,205	9,604	9,604	10,318	10,302
MY Exports	1,517	1,517	1,193	1,193	1,700	1,500
TY Exports	1,386	1,386	1,146	1,146	1,700	1,600
Feed and Residual	5,271	5,271	5,768	5,768	5,965	5,800
FSI Consumption	1,200	1,200	1,200	1,200	1,200	1,000
Total Consumption	6,471	6,471	6,968	6,968	7,165	6,800
Ending Stocks	1,217	1,217	1,443	1,443	1,453	2,002
Total Distribution	9,205	9,205	9,604	9,604	10,318	10,302
(1,000 HA) ,(1,000 MT)						

Post is forecasting barley production to increase 7 percent to 8.78 MMT due to higher yields even though area harvested in 2016/2017 is expected to be down 6 percent from the last year. Agriculture and Agri-Food Canada reported that the average Canadian barley yield in 2016/2017 was 3.95 t/ha, surpassing the previous record of 3.86 t/ha in 2013. As a result of increased domestic production, Post does not expect to see high import volumes of barley in 2016/2017. Post forecasts total year exports of Canadian barley in 2016/2017 will be up 40 percent with from 2015/2016.

Corn Production, Supply and Demand Statistics:

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,227	1,227	1,312	1,312	1,325	1,325
Beginning Stocks	1,600	1,600	1,402	1,402	2,243	2,243
Production	11,487	11,487	13,559	13,559	13,200	13,193
MY Imports	1,558	1,558	1,374	1,374	1,000	1,000
TY Imports	1,536	1,536	949	949	1,000	1,000
TY Imp. from U.S.	1,474	1,474	942	942	0	0
Total Supply	14,645	14,645	16,335	16,335	16,443	16,436
MY Exports	423	423	1,738	1,738	800	1,350
TY Exports	395	395	1,764	1,764	700	1,350
Feed and Residual	7,426	7,426	7,073	7,073	7,800	7,470
FSI Consumption	5,394	5,394	5,281	5,281	5,500	5,416
Total Consumption	12,820	12,820	12,354	12,354	13,300	12,886
Ending Stocks	1,402	1,402	2,243	2,243	2,343	2,200
Total Distribution	14,645	14,645	16,335	16,335	16,443	16,436
(1,000 HA) ,(1,000 MT)						

Post is forecasting corn production slightly lower in 2016/2017 at 13.2 MMT, down less than 3 percent from 13.6 MT a year earlier. Post foresees feed, residual, food, seed and industrial consumption will be 4 percent higher than in 2016/2017 due to higher estimated beginning stocks than those seen in 2015/2016. Therefore, Post also foresees 24 percent fewer imports of corn needed in 2016/2017 than the year before as a result of higher carry-in at the beginning of 2016/2017. Despite large stores of corn, Post forecasts a 22 percent drop in exports from 2015/2016 due to global price competition in 2016/2017.

Oats Production, Supply and Demand Statistics:

Oats	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	928	928	1,055	1,055	895	895
Beginning Stocks	1,054	1,054	673	673	928	928
Production	2,979	2,979	3,428	3,428	3,000	3,147
MY Imports	13	13	10	10	15	12
TY Imports	12	12	10	10	15	12
TY Imp. from U.S.	14	14	10	10	0	0
Total Supply	4,046	4,046	4,111	4,111	3,943	4,087
MY Exports	1,692	1,692	1,567	1,567	1,500	1,713
TY Exports	1,729	1,729	1,666	1,666	1,500	1,713
Feed and Residual	901	901	816	816	850	754
FSI Consumption	780	780	800	800	800	970
Total Consumption	1,681	1,681	1,616	1,616	1,650	1,724
Ending Stocks	673	673	928	928	793	650
Total Distribution	4,046	4,046	4,111	4,111	3,943	4,087
(1,000 HA) ,(1,000 MT)						

Post is forecasting oat production in 2016/2017 at 3.1 MMT, down 8 percent from the previous year due to a 15 percent drop in both seeded and harvested area. Agriculture and Agri-Food Canada is reporting record oat yields in 2016/2017 at 3.2 t/ha in the Prairies provinces of Alberta, Manitoba and Saskatchewan. Post notes that the slower harvest on the Prairies in fall 2016 due to cold and wet weather has pushed up the oats basis over concerns about the quality of the crop. Post expects higher market prices for oats in 2016/2017 to translate into a 9 percent rise in exports to 1.7 MMT from 1.57 MMT in 2015/2016. Post is also optimistic that domestic milling of oats will remain on trend, increasing 21 percent in 2016/2017 from the previous year.

POLICY

Modernization of Canada's Grain Industry Act

Introduced into the House of Commons in late 2014, Bill C-48, the *Modernization of Canada's Grain Industry Act*, did not make it beyond its first reading before it was stalled and ultimately swept away in the shuffle of the fall 2015 general elections. However, the review of the *Fair Rail for Grain Farmers Act* that took place in fall 2016 may generate a renewed interest in modernizing the *Grain Act*. Most notably, there have been calls to level the playing field for U.S farmers delivering grain to Canadian elevators by allowing for official grading, handling, and export of U.S. grain through Canada. Current legislation does not allow for foreign grain, even if it is of a variety that is registered to be grown in Canada, to be issued a grade by the Canadian Grain Commission. Under current legislation, U.S. wheat delivered to a Canadian grain elevator is sold as either feed grade (lowest grade) or according to a specification at any price agreed to by the buyers and sellers.

Changes to Mildew Standards for Western Canadian Milling Wheat

The Canadian Grain Commission (CGC) announced on October 7th that it would be adjusting mildew guidelines in Western Canadian wheat to allow for increased presence of mildew. A two-year study of the impact of mildew on the quality of wheat found that mildew primarily affects the appearance of wheat, and that in the case of semolina, the effect of mildew is negligible. For a complete list of Canadian wheat classes affected by the new standards, please visit the following URL: http://news.gc.ca/web/article-en.do?nid=1134639

Proposed Phase-out of Imidacloprid Neonicotinoid Pesticide

On November 23rd, 2016 the Pest Management Regulatory Agency (PMRA) of Health Canada announced a proposed phase-out of the neonicotinoid seed treatment pesticide, imidacloprid, commonly used on corn and soybeans. The phase-out was proposed after an evaluation determined that under current conditions of use, the environmental risks for most products containing imidacloprid do not meet current safety standards.

The environmental assessment showed that, in aquatic environments in Canada, imidacloprid is being measured at levels that are harmful to aquatic insects. Based on currently available information, the continued high volume use of imidacloprid in agricultural areas is not sustainable. The environmental assessment also found that there is a potential risk to birds and small mammals from feeding on seeds that are treated with imidacloprid, however, it is expected that good agricultural practices and equipment could reduce this type of exposure. The health assessment did not identify human health concerns from any exposure route when used according to current label standards.

PMRA is proposing to phase-out all the agricultural and a majority of other outdoor uses of imidacloprid over three to five years. PMRA will consider alternate risk management proposals, provided that they can achieve acceptable levels in the environment in the same timeframe.
The proposed re-evaluation decision is now open for public consultation. PMRA is inviting the public to submit comments on the proposed re-evaluation decision for imidacloprid including proposals that may refine the risk assessment and risk management. Before making a final re-evaluation decision on imidacloprid, the PMRA will accept and consider written comments on this proposal received up to February 23rd, 2017. Please forward all comments to PMRA Publications. The PMRA will consider any additional information submitted during the consultation period in the final decision. Please consult the following link for more information on the Proposed Re-evaluation Decision PRVD2016-20, Imidacloprid, or to obtain a copy of the full re-evaluation document.

Environment Minister Announces National Clean Fuel Standard

Environment and Climate Change Minister Catherine McKenna announced on November 25th, 2016 that consultations will be held in February to develop a new clean fuel standard to reduce annual greenhouse gas emissions by 30 Mt by 2030.

Environment and Climate Change Canada will release a discussion paper to help guide consultations on the new clean fuel standard with provinces and territories, indigenous peoples, industry and non-governmental organizations. These consultations would inform the development of a regulatory approach under the Canadian Environmental Protection Act (CEPA).

The objective of a clean fuel standard would be to achieve annual reductions of 30 megatons (Mt) of GHG emissions by 2030. This reduction will provide a significant contribution towards achieving Canada's commitment of 30 percent emissions reduction below 2005 levels, by 2030.

The new standards will apply to fuels used in transportation, homes, buildings, and industrial uses and will set limits on the carbon intensity of fuels, which measures how much carbon is emitted relative to the amount of energy in the fuel being used. While Canada already has renewable fuel regulations that mandate gasoline must include 5 percent renewable content, the clean fuel standard won't require the use of specific fuels or technologies.

New Chief Commissioner of Canadian Grain Commission Announced

Canadian Agriculture Minister Lawrence MacAulay announced on January 2nd, 2017 that Patricia Miller will lead the Canadian Grain Commission as its chief commissioner beginning February 13th, 2017. Patricia Miller served as president of the Canola Council of Canada since 2012. As the chief commissioner, Miller will help set the CGC's direction, establish policy, and administer and enforce the *Canada Grain Act.*