

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Grain and Feed Update    May 2014

### **Report Categories:**

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### **Report Highlights:**

**Seeding Intentions Released \* Impact of Late Spring, too Early to Tell \* Thunderbay Shipping  
Route Open \* Pressure for Legislated Penalties Continues**

## **Canada Grain and Feed Update – May 2014**

**Summary:** Statistics Canada released the results of its March seeding intentions survey on April 24, 2014. The seeding intentions confirm that farmers will be planting less wheat, barley, and canola compared with 2013, but more soybeans, corn, oats, and pulses (peas and lentils). The biggest surprise to the trade was the canola numbers which were lower than expected. Very little seeding is complete by this time of year so it is too early to know the impact of the late spring. The Thunderbay shipping route is at last open, one month later than average. Bill -30, The Fair Rail for Grain Farmers Act, continues its progress through Parliament.

**Seeding Intentions Released:** Area seeded to canola was the big surprise to the trade. Survey results suggest that area seeded to canola may remain similar the year 2013 level, whereas many in the industry had predicted as increase in canola acreage. Those in agreement with the survey results for canola suggest that canola acreage is down in part due to the fact that canola seed is among the most expensive and there are a number of grain producers who are having some trouble with cash flow due to the disruption in the ability to deliver their grain. Those who disagree with the canola acreage numbers feel that the number will be ratcheted upwards in future surveys. Oats acreage is also expected to decrease significantly. Oats were particularly hard hit by the disruptions in the rail service which limited the deliveries of grain east and south. Survey results also suggest that soybean acreage may increase significantly more compared to 2013 levels. Survey results suggest that soybeans may increase by 16% from 2013 levels.

Please see table at end of report for survey results.

**Impact of Late Spring, too Early to Tell:** It is too early to say what impact the later-than-average spring will have. Based on the data from provincial websites which track area seeded, the five-year average of area seeded for this time of the year is approximately 5% for the prairies. This year, as in 2013, seeding is beginning a little later than average. Seeding this year may go a little faster than a year ago, however, due to current spring conditions being much drier than in 2013.

The late spring is reportedly having an impact on the demand for farm inputs. At the beginning of April, Agrium, the Alberta based fertilizer company blamed the big backload of grain shipments on Canada's railways and a late spring for disappointing first-quarter earnings that fell well below analysts' expectations.

**Thunderbay Shipping Route Open:** Rail movement for grains is improving. The shipping route to Thunderbay has finally opened, a month later than usual, with the first grain ship arriving on April 22<sup>nd</sup>. An unusually cold March has necessitated the use of multiple icebreakers and made the time to get to Port much longer. The opening of the route has relieved the uncertainty of whether or not the port would be able to accept any more grain deliveries as the terminals were at capacity. With more than 20 ships on their way, port official are expecting a surge in grain movement out.

**Pressure for Legislated Penalties Continues:** While deliveries and transport of grain has improved significantly in the last month, there have been a growing number of complaints that the tonnage-based

legislated targets are having a magnified negative impact on smaller crops and those not covered under the legislation. Critics feel that the railways are focused on meeting the legislated targets and therefore are putting the emphasis on transporting the main cereals which is resulting on smaller crops and those using producer cars not receiving adequate service. This is putting increased pressure on elected officials to incorporate legislated service level agreements with impossible monetary penalties into Bill C-30, the Fair Rail for Grain Farmers Act. Bill C-30 continues to make its way through the Parliamentary system, and at the time of this report, the amended Bill C-30 had been presented to the House of Commons by the Standing Agriculture Committee after it had reviewed the bill. The Bill C-30 that was sent to the House contained an amendment that, if accepted, would have granted the federal government (through Transport Canada) the authority to create regulations to force railways to compensate someone who incurs costs due to the railways not meeting service obligations. The amendment was struck down by the Speaker of the House after it was argued that the amendment was out of order. The Bill has been sent back to the Agriculture Committee for further amendments and then will be sent back to the House of Commons for approval before it moves onto the Senate. The progress of the bill can be followed at the URL:

<http://www.parl.gc.ca/LEGISInfo/BillDetails.aspx?Language=E&Mode=1&billId=6477802> . It is expected that the bill will receive approval for final assent by the end of the May.

#### Statistics Canada Seeding Intentions:

<b>Table 1: March Intentions of Principal Field Crop Areas</b>	<b>2013 actual seeded acreage</b>	<b>March 2014 (intentions)</b>	<b>2013 actual to March 2014 intentions</b>
	thousands of acres		% change
Total Wheat	26,015	24,76	-5%
Durum wheat	4,965	4,835	-3%
Canola	19,936	19,801	-1%
Barley	7,083	6,311	-11%
Soybeans	4,519	5,264	16%
Corn for grain	3,285	3,369	3%
Dry field peas	3,689	3,975	8%
Oats	3,168	3,188	1%
Lentils	2,393	2,860	20%
Flaxseed	1035	171	66%

The planting intentions survey is based on information collected between March 24 and March 31, 2013 from approximately 11,500 grains and oilseeds producers. It should be noted that the actual seeded acreages are determined through subsequent surveys throughout the year. These survey results include planting intentions for the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec only.