Required Report - public distribution

Date: 4/22/2016
GAIN Report Number: CA16020

Canada

Oilseeds and Products Annual

2016

Approved By:
Teresa McKeivier

Prepared By:
Darlene Dessureault

Report Highlights:
Canada's oilseed production (canola, soybeans and sunflowers) for 2016/2017 is forecast to drop to 21.5 million metric tons (MMT), down 2.0 million tons from 2015/2016, mostly driven by lower canola production. Total crush is forecast to fall to 9.75 MMT, a 5 percent decrease from the 2015/2016 anticipated crush levels of 10.2 MMT. Crush is projected lower in 2016/17 resulting from lower projected oilseed supplies and a corresponding drop in exports. Canola crush is raised 100,000 tons in 2015/2016 as a result of large domestic supplies and greater crush capacity. In 2015/2016, healthy domestic supplies, increased domestic crush capacity, a depreciated Canadian dollar, a recovering U.S. livestock industry, and increased demand from China are all supporting greater than expected exports.

Executive Summary:

Total oilseeds production (canola, soybean and sunflower seed) in 2016/2017 is forecast at 21.505 million metric tons (MMT), down 2.034 MMT from 2015/2016.

Crush in 2016/2017 is forecast to decrease to 9.75 MMT from 10.2 MMT in 2015/16 due to decreased canola and soybeans production and low carry-in. This represents a 4.6 percent drop.

Canadian oilseed exports are forecast to drop to 12.1 MMT in 2016/17 from 14.0 MMT in 2015/16, a 16 percent decline. A weaker Canadian dollar and increased crush capacity are supporting Canadian oilseed exports in 2015/2016.

Total meal production in 2016/2017 is forecast to fall to 5.78 MMT from 6.05 MMT in 2015/16, a 4.5 percent decline.

Similarly, total oils production in 2016/2017 is forecast to decline to 3.8 MMT from 3.9 MMT in 2015/16, a 4 percent drop.

Total meal exports in 2016/2017 will be limited by lower domestic supplies and are forecast to fall to 4.0 MMT from 4.3 MMT in 2015/16, a 7.3 percent drop.

Total oils exports in 2016/17 are projected to fall to 2.9 MMT from 3.0 MMT in 2015/16, a 3.0 percent decline.

OILSEEDS

Canada: Total Oilseeds				
2016/2017	**Canola (Rapeseed)**	**Soybean**	**Sunflower Seed**	**TOTAL**
Area Harvested	7,824	2,147	31	10,002
Production	15,750	5,700	55	21,505
Crush	8,000	1,750	0	9,750
Imports	150	330	30	510
Exports	8,089	3,965	35	12,089
2015/2016	**Canola (Rapeseed)**	**Soybean**	**Sunflower Seed**	**TOTAL**
Area Harvested	8,083	2,185	38	10,306
Production	17,231	6,235	73	23,539
Crush	8,200	2,000	0	10,200
Imports	100	300	25	425
Exports	9,800	4,200	34	14,034
2014/2015	**Canola (Rapeseed)**	**Soybean**	**Sunflower Seed**	**TOTAL**
Area Harvested	8,344	2,235	29	10,608
Production	16,410	6,049	55	22,514
Crush	7,357	1,787	0	9,144
Imports	76	339	30	445
Exports	9,214	3,853	34	13,101
All data in 1,000 hectares and 1,000 metric tons.				
Marketing year: Aug/July except peanuts which is Oct/Sept.				

Total Oilseeds:

Canadian grain and oilseed producers' are highly dependent on export markets and therefore watch world supplies and government policies closely. As a result of lower oilseed prices and higher returns on pulses, area planted to oilseeds (canola, soybean and sunflower) is projected to decline by 3.4 percent, as reported by Statistics Canada seeding intentions survey results. Based on the seeding intentions, Post forecasts total oilseeds production to fall to 21.505 MMT in 2016/2017. This decrease is attributed to lower area seeded and a return to average yields, and represents a 2.035 MMT decrease from 2015/2016 production. Generally, the decision to plant oilseeds has been driven by their resilience and often offer attractive returns compared to other field crops. However, this year, lower prices combined with higher pulse prices have resulted in some oilseed acreage, particularly canola, being shifted to pulses,.

Lower domestic supplies will limit crush in 2016/2017, therefore, crush is forecast to fall to 9.75 MMT, a 4.6 percent decrease from anticipated crush levels of 10.2 MMT. The high crush volume in 2015/2016 is reflective of abundant domestic supplies, good crush margins, and the increased crush capacity. A new crush facility came on-line in July, 2015.

In 2016/2017 lower domestic supplies are expected to limit exports, which are forecast to fall to 12.09 MMT, from 14.0 MMT a 16 percent drop from 2015/2016. In 2015/2016, healthy domestic supplies,

continued strong world demand, and the depreciation of the Canadian dollar against the U.S. dollar have supported strong exports.

In 2016/2017, total oilseed imports are forecast to rise to 510,000 metric tons due to lower domestic supplies resulting from a smaller carry-in and slightly lower production than last year. This forecast is16.7 percent higher than the anticipated 2015/2016 level of 425,000 tons.

RAPESEED (CANOLA), OILSEED

Production, Supply and Distribution Estimates:

Oilseed, Rapeseed	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 Planted	8407	8407	8132	8132	0	7824
Area Harvested	8344	8344	8100	8083	0	7767

Beginning Stocks	3008	3008	2322	2321	0	1319
Production	16410	16410	17200	17231	0	15750
MY Imports	76	76	100	100	0	150
MY Imp. from U.S.	73	73	95	95	0	110
MY Imp. from EU	0	0	0	0	0	0
Total Supply	19494	19494	19622	19652	0	17219
MY Exports	9214	9214	9300	9800	0	8089
MY Exp. to EU	50	50	400	400	0	50
Crush	7357	7357	8100	8200	0	8000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	601	602	472	333	0	130
Total Dom. Cons.	7958	7959	8572	8533	0	8130
Ending Stocks	2322	2321	1750	1319	0	1000
Total Distribution	19494	19494	19622	19652	0	17219
(1000 HA) ,(1000 MT)						

According to the planting intentions survey results released by Statistics Canada on April 21, area seeded to canola will fall nearly 4 percent from 2015/2016. Attractive returns for pulse crops are incentivizing farmers to shift acres out of canola into pulses. Post forecasts canola production in 2016/2017 to fall 1.5 MMT from 2015/2016 production levels to 15.75 MMT. This nearly 9 percent decrease is a result of lower area seeded and a return to average trend yields. This would be the lowest production level since 2012/13 when production levels reached 13.9 MMT. According to Statistics Canada, the biggest decreases are expected to occur in Alberta and Saskatchewan.

No increase in crush capacity is expected for 2016/2017, however, increased crush capacity in 2015/2016 was generated by the new plant in Camrose, Alberta and has allowed the canola industry to increase the domestic crush significantly over 2014/2015 levels. The Camrose plant began operations in July, 2015 and has the capacity to crush 1.0 million tons of canola annually. Reduced domestic supplies are expected to limit the crush in 2016/2017 to 8.0 MMT. Post forecast for crush in 2015/2016 is 8.2 MMT, 100,000 tons higher than USDA official estimates, and is based on crush pace to date and higher domestic capacity.

Canola is highly dependent on the export markets, with between fifty and sixty percent of the production going to export. Canola seed exports in 2016/2017 will be limited by lower domestic supplies.

The commercialization of high protein canola meal may make canola seed exports even more attractive as the meal is currently sold at a discount product and goes mainly into feed rations in the dairy industry. The commercialization of the high protein canola is expected to be viable for the 2017/18 planting year, but only on a limited basis and unlikely to impact acreage or demand in 2016/2017.

Currently, 15.5 percent of canola acres are seeded to high oleic and specialty canola varieties. Canola may be facing some competition on its high oleic oil market share in the future as seed companies are working on having high-oleic soybean varieties receive global regulatory approval for their traits. High-

oleic canola has been helping meet oil demand that was created by U.S. FDA transfat labelling law and works to remove transfats from the American diet. The high oleic canola oil is popular with the food service industry as it offers high stability and a long shelf life. High oleic canola oil is also popular in Japan due to the fact that it is odorless.

China has delayed its implementation of a new dockage policy until September 1, 2016 to give time for the Canadian industry and Chinese food safety regulators to work out Chinese concerns over the risk of blackleg. Blackleg, also known as stem canker, is a fungus that progressively damages crops and affects yields. The delay is positive news for the Canadian canola industry as Canada has exported over 4 MMT of canola seed to China in each of the last two years. .

Exports are expected to reach 9.8 MMT in 2015/2016, 500,000 tons higher than USDA official estimates, based on a strong year-to-date pace. The pace of seed exports to the United States is lower as a result of a higher U.S. domestic crop in 2015/2016.
Canadian exports to the EU are expected to reach 400,000 tons in 2015/2016, up from 50,000 tons in 2014/15 in response to growing demand for biofuel use.

SOYBEAN, OILSEED

Production, Supply and Distribution Estimates:

Oilseed, Soybean	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 Planted	2240	2251	2200	2190	0	2147
Area Harvested	2235	2235	2200	2185	0	2140
Beginning Stocks	246	246	466	466	0	351
Production	6049	6049	6235	6235	0	5700

MY Imports	339	339	320	300	0	330
MY Imp. from U.S.	256	256	260	250	0	200
MY Imp. from EU	0	0	0	0	0	0
Total Supply	6634	6634	7021	7001	0	6381
MY Exports	3853	3853	4200	4200	0	3965
MY Exp. to EU	1372	1372	1450	1450	0	1300
Crush	1787	1787	2150	2000	0	1750
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	528	528	450	450	0	450
Total Dom. Cons.	2315	2315	2600	2450	0	2200
Ending Stocks	466	466	221	351	0	216
Total Distribution	6634	6634	7021	7001	0	6381
(1000 HA) ,(1000 MT)						

In Eastern Canada, where 80 percent of the Canadian soybean production takes place, soybean acreage is expected to fall nearly two percent as producers reported their intention to seed more to corn. Western Canadian farmers are showing an increased interest in growing soybeans. In 2016/2017 they are reporting a 7 percent increase in areas to soybean compared to the previous year. Post's forecast for soybean production is 5.7 million metric tons reflecting a lower area planted and a return to more average yields. This represents an 8 percent decrease over the previous year's production levels.

While soybeans have been grown in Canada for more than 60 years, it is only in the last ten years that area seeded to soybeans has shown significant growth in provinces outside Quebec and Ontario. Soybean production in the Prairie Provinces has doubled over the last 5 years. In 2010, only 210 thousand hectares of soybeans were planted. In 2015, that area grew to 670 thousand hectares. The province of Manitoba, where most of the soybeans are grown in Western Canada, currently accounts for 20% of total soybean production in Canada. This growth is mainly due to new varieties being developed for Western Canadian climates. Like canola, the resilience and the profitability of the crop, as well as high oilseed prices in recent years have led to growing interest in soybeans by Western Canadian farmers. The fact that soybeans have a different disease profile than wheat and canola also makes soybeans attractive to Western producers

While there are discussions of the value of building a soybean crush facility in the Canadian Prairies, there are no current plans to do so. Current soybean crush capacity is 3.2 MMT. Domestic crush in 2016/2017 is forecast to fall to 1.75 MMT as a result of lower domestic supplies. Domestic crush pace in 2015/2016 is well above average due to plentiful supplies. Post projects soybean crush to reach 2.0 MMT in 2015/2016, which is significantly higher than 2014/15, but 150,000 tons lower than USDA official estimates.

Imports in 2016/2017 are forecast to rise marginally due to lower production. Abundant domestic supplies in 2015/2016 are expected to result in lower imports. Post estimate for 2015/2016 imports is 300,000 tons, which is 20,000 tons lower than USDA official estimates. Post estimate is based on import pace to date.

The steadily increasing soybean production in Canada has led to increased exports. In 2016/2017, however, exports are forecast to fall to 3.965 MMT due to low carry-in and lower production. In 2015/2016, abundant domestic supplies, a weaker Canadian dollar against the U.S. dollar and strong demand from China, Iran and Belgium are expected to result in record exports of 4.2 MMT. Year-to-date trade data (Aug–Feb) reveals the surge of Canadian soybean exports to China, which is up 42% over the previous year for the same time period and nearly doubled for Iran. Pace of exports of Canadian soybean to the United States has slowed 32% from the previous year, likely due to ample domestic U.S. soybean supplies.

The Canadian Grain Commission is trying to help meet quality assurances being requested by consumers through its Canadian Identity Preserved Recognition System. Canadian oilseeds producers hope to capture premiums through this program which is a traceability program that covers all aspects of soybean production and processing from seed to export. Three quarters of soybean exports to Asia are now classified as identity preserved (IP).

More information on the CIPRS can be found at the following website: www.grainscanada.gc.ca .

SUNFLOWER SEED, OILSEED

Production, Supply and Distribution Estimates:

Oilseed, Sunflowerseed	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 Planted	29	30	38	41	0	32
Area Harvested	29	29	38	38	0	31
Beginning Stocks	8	8	10	10	0	16
Production	55	55	73	73	0	55
MY Imports	30	30	25	25	0	30

MY Imp. from U.S.	25	25	22	22	0	23
MY Imp. from EU	0	0	0	0	0	0
Total Supply	93	93	108	108	0	101
MY Exports	34	34	40	34	0	35
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	8	8	8	8	0	8
Feed Waste Dom. Cons.	41	41	50	50	0	50
Total Dom. Cons.	49	49	58	58	0	58
Ending Stocks	10	10	10	16	0	8
Total Distribution	93	93	108	108	0	101
(1000 HA) ,(1000 MT)						

Nearly 90 percent of Canadian sunflowers production takes place in Manitoba. The Statistics Canada planting intentions survey has Canadian farmers reporting that they will be planting 20 percent less area to sunflowers this year. Based on these survey results, and assuming average yields, Post forecasts sunflower production to fall to 55 TMT. The National Sunflower Association of Canada estimates that approximately 70 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.
There is currently no large scale crush facility in the province so most of the Canadian "oil" sunflower production is either processed in the province for the birdfood market or exported as a raw product to crush facilities in the United States.

Imports from the U.S. are forecast to lift in 2016/2017 as a result of lower domestic supplies. In 2015/2016, imports are forecast to fall slightly due to adequate domestic supplies in Canada. Exports are forecast to rise in 2016/2017 due to high domestic supplies resulting from higher carry-in and anticipated lower supplies in the United States. The United States is the largest export market for Canadian sunflowers, with between 74 percent and 78 percent market share. Canadian exports are expected to reach 34,000 tons in 2015/2016, 6,000 tons lower than the USDA official estimates, based on lower year-to-date pace. Higher domestic supplies in the United States are limiting Canadian sunflower seed exports. Most of the sunflower seeds exported to the United States are confectionary-type seeds. Mexico will typically import up to 1 TMT of oil-type sunflower seeds for bird-seed use.

OILMEALS

Canada: Total Oilmeals			
2016/2017	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	8,000	1,750	9,750
Production	4,400	1,380	5,780
Imports	20	950	970

Exports	3,850	164	4,014
2015/2016	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	8,200	2,000	10,200
Production	4,600	1,450	6,050
Imports	15	920	935
Exports	4,100	230	4,330
2014/2015	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	7,357	1,787	9,144
Production	4,150	1,394	5,544
Imports	23	933	956
Exports	3,642	212	3,854
All data in 1,000 hectares and 1,000 metric tons.			
Marketing year: Aug/July except peanuts which is Oct/Sept.			

Total crush is forecast to fall to 9.75 MMT in 2016/2017 due to a decrease in domestic supplies of oilseeds resulting from low carry-in and a return to trend yields. As a result, total meal production is forecast to fall to 5.78 MMT, a decrease of 4.5 percent from the 2015/2016 anticipated production levels of 6.05 MMT. High domestic canola and soybean supplies, increased crush capacity, good crush margins, and a weaker Canadian dollar against the U.S. dollar has led to record high meal production in 2015/2016.

Meal imports in 2016/2017 are forecast to increase to 970 TMT, 3.74 percent above 2015/2016 anticipated levels due to lower domestic crush. Canola meal imports in 2015/2016 are limited by high domestic production/supplies.

Total meal exports in 2016/2017 will be limited by lower crush levels and low carry-in. Total meal exports are forecast to fall to 4.0 MMT from 4.33 MMT in 2014/15, a 7 percent decline from the previous year's level. High crush volumes due to higher domestic crush capacity and supplies, combined with a weaker Canadian dollar against the American dollar have supported strong exports of meal in 2015/2016.

CANOLA (RAPESEED) MEAL

Production Supply and Distribution Estimates:

Meal, Rapeseed	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
Crush	7357	7357	8100	8200	0	8000
Extr. Rate, 999.9999	0.5641	0.5641	0.5642	0.561	0	0.55
Beginning Stocks	91	91	114	114	0	94
Production	4150	4150	4570	4600	0	4400
MY Imports	23	23	12	15	0	20

MY Imp. from U.S.	14	14	10	13	0	15
MY Imp. from EU	1	1	0	0	0	0
Total Supply	4264	4264	4696	4729	0	4514
MY Exports	3615	3642	4100	4100	0	3850
MY Exp. to EU	2	2	2	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.	535	508	535	535	0	530
Total Dom. Cons.	535	508	535	535	0	530
Ending Stocks	114	114	61	94	0	134
Total Distribution	4264	4264	4696	4729	0	4514
(1000 MT) ,(PERCENT)						

Canola is crushed for its oil and the canola meal is sold at a discount compared to soybean meal due to its lower protein content. The majority of the canola meal produced in Canada is exported to the United States (California) for use in the dairy industry. Canola meal, when added to the dairy cow's diet, has proven to boost milk production.

Canola meal production in 2016/2017 is forecast to fall to 4.4 MMT as a result of lower domestic supplies. Canola meal production in 2015/2016 is forecast to reach record high levels of 4.6 MMT due to an increase in crush capacity and large domestic supplies available for crush. This is 30,000 tons higher than USDA official estimates and is based on an expectation of higher crush.

Nearly all canola meal is exported to the United States (California dairy industry) and has been growing as Canadian crush capacity has increased. In 2016/2017, lower domestic supplies will lead to lower meal exports in 2016/2017. In 2015/2016, ample domestic supplies, increased domestic crush capacity and a weaker Canadian dollar against the American dollar is expected to result in canola meal exports reaching 4.1 MMT.

Growth in domestic demand from the Canadian dairy industry, despite canola meal proven to be a valuable input in feed, is limited due to Canada having self-imposed regulations that put restrictions on milk production. For these reasons, Post has forecasted domestic usage for feed in 2016/2017 and 2015/2016 at similar levels.

SOYBEAN MEAL

Production Supply and Distribution Estimates:

Meal, Soybean	**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**
Crush	1787	1787	2150	2000	0	1750

Extr. Rate, 999.9999	0.7801	0.7801	0.7791	0.775	0	0.7886
Beginning Stocks	17	17	32	32	0	22
Production	1394	1394	1675	1550	0	1380
MY Imports	933	933	950	920	0	950
MY Imp. from U.S.	916	916	850	850	0	900
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2344	2344	2657	2502	0	2352
MY Exports	212	212	275	230	0	164
MY Exp. to EU	25	25	25	25	0	25
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2100	2100	2330	2250	0	2158
Total Dom. Cons.	2100	2100	2330	2250	0	2158
Ending Stocks	32	32	52	22	0	30
Total Distribution	2344	2344	2657	2502	0	2352
(1000 MT) ,(PERCENT)						

Soybean meal produced in Canada is primarily consumed in the domestic livestock industry. Soybean meal production in 2016/2017 is forecast to fall to 1.38 MMT due to lower domestic supplies available for crush. In 2015/2016, high domestic supplies are expected to push soybean meal production to a record high of 1.55 MMT. This is lower than USDA official estimates of 1.675 TMT and is based on crush pace to-date.

Imports in 2016/2017 are forecast to rise due to tighter domestic supplies. Imports in 2015/2016 are forecast to fall to 920,000 tons as a result of ample domestic supplies and a weaker Canadian dollar. This is 30,000 tons lower than USDA official estimates and is based on import pace to date which is below average. Nearly all soymeal is imported from the United States.

For 2016/2017, exports are forecast to fall 66,000 tons below 2015/2016 anticipated levels of 230,000 tons due to lower supplies. In 2015/2016, higher meal production, a weaker Canadian dollar against the U.S. dollar and strong demand from the United States led to increased exports. U.S. export pace is 42 percent above the previous year for the same time period (Aug-Feb).

Feed consumption in 2016/2017 is forecast to decrease slightly due to lower domestic supplies resulting from lower crush. While there seems to be some loosening of provincial policies in Western Canada that have been restricting hog expansion, any increase in hog production will be very gradual. The repealing of the Country of Origin Labelling (COOL) legislation is also expected to have little impact on feed consumption in the next crop year. In 2015/2016 feed use is expected to reach 2.25 MMT due to higher domestic supplies. It is 80,000 tons lower than USDA estimate and reflects the difference in official USDA and Post estimates for crush.

OILS

Canada: Total Oils			
2016/2017	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	8,000	1,750	9,750
Production	3,450	315	3,765
Imports	45	35	80
Exports	2,790	123	2,913
2015/2016	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	8,200	2,000	10,200
Production	3,550	364	3,914
Imports	42	30	72
Exports	2,830	170	3,000
2014/2015	**Canola (Rapeseed)**	**Soybean**	**TOTAL**
Crush	7,357	1,787	9,144
Production	3,201	320	3,521
Imports	31	34	65
Exports	2,407	118	2,525
All data in 1,000 hectares and 1,000 metric tons.			
Marketing year: Aug/July except peanuts which is Oct/Sept.			

A decrease in domestic crush due to lower oilseed supplies is forecast to result in total oils falling to 3.765 MMT, a 3.8 percent decrease from expected 2015/2016 total oils production of 3.9 MMT. In addition to increased domestic supplies in 2015/2016, increased domestic crush capacity in canola is helping lift total oils production to record highs.

Lower domestic production and low carry-in will raise demand for imports in 2016/17. Imports in 2015/2016 are limited by high domestic supplies. Exports are forecast to fall in 2016/2017 to 2.9 MMT from 3.0 MMT in 2015/16, a drop of 2.9 percent

CANOLA (RAPESEED) OIL

Production, Supply and Distribution Estimates:

Oil, Rapeseed	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
Crush	7357	7357	8100	8200	0	8000
Extr. Rate, 999.9999	0.439	0.4351	0.4383	0.4329	0	0.4313
Beginning Stocks	211	211	401	366	0	442
Production	3230	3201	3550	3550	0	3450
MY Imports	32	31	65	42	0	45
MY Imp. from U.S.	28	28	55	38	0	38
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3473	3443	4016	3958	0	3937
MY Exports	2404	2407	2830	2830	0	2790
MY Exp. to EU	10	10	10	10	0	10
Industrial Dom. Cons.	108	110	110	110	0	110
Food Use Dom. Cons.	560	560	576	576	0	560
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	668	670	686	686	0	670
Ending Stocks	401	366	500	442	0	477
Total Distribution	3473	3443	4016	3958	0	3937

(1000 MT) ,(PERCENT)

Lower area seeded to canola is forecasted for 2016/2017, and therefore less canola for crush will pull canola oil production down to 3.45 MMT. In 2015/2016, high domestic supplies of canola seed, good crush margins, and increased crush capacity coming on line is expected to result in canola oil production levels of 3.55 MMT. This is in line with USDA official estimates, despite Post forecasting a higher level of crush. Based on crush statistics to date, the oil extraction rate is higher than the rate used by USDA official.

In 2016/2017, industrial usage of canola oil is forecast to remain unchanged from 2015/2016 levels due to no change being anticipated in Canadian renewable fuel standard mandates.

Canola oil imports in 2016/2017 are forecast to increase slightly due to lower production and supplies. Post forecast for canola oil imports in 2015/2016 is 42,000 tons, 23,000 tons below USDA official estimates and is based on import pace to-date. Canola oil exports in 2016/2017 are projected down to 2.79 MMT slightly below 2015/2016's estimate of 2.83. Year-to-date export data shows that China has doubled its canola oil imports from Canada, while the United States, the largest export market for Canada, is on track to import similar volumes to the previous year. Much of the canola oil shipped to the United States goes into biodiesel production in order to meet a U.S. federal renewable fuels standard mandate.

SOYBEAN OIL

Production, Supply and Distribution Estimates:

Oil, Soybean	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
Crush	1787	1787	2150	2000	0	1750
Extr. Rate, 999.9999	0.1791	0.1791	0.1791	0.182	0	0.18
Beginning Stocks	9	9	20	20	0	19
Production	320	320	385	364	0	315
MY Imports	34	34	30	30	0	35
MY Imp. from U.S.	34	34	30	30	0	34
MY Imp. from EU	0	0	0	0	0	0
Total Supply	363	363	435	414	0	369
MY Exports	118	118	170	170	0	123
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	225	225	240	225	0	226
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	225	225	240	225	0	226
Ending Stocks	20	20	25	19	0	20

Total Distribution	363	363	435	414	0	369
(1000 MT) ,(PERCENT)						

Production of soybean oil is forecast to fall in 2016/2017 to 315,000 tons from 364,000 tons due to lower crush resulting from lower soybean production and low carry-in. Production of soybean oil in 2015/2016 has been well above average at 364,000 tons. This is 21,000 tons lower than USDA official estimates and is a result of a lower forecast to crush and a higher extraction rate used by Post. The Post extraction rate is based on crush statistics to date.

In 2016/2017, exports of soybean oil will be limited by lower supplies. In 2015/2016, high supplies and production of soybean oil in Canada, a depreciated Canadian dollar, and strong demand from the US biodiesel industry is helping boost exports to an anticipated level of 170,000 tons. The United States remains Canada's number one export market (nearly 90% share).

Imports of soybean oil in 2016/17 are forecast to rise slightly as a result of lower domestic supplies.

PEANUTS

Production, Supply and Distribution Estimates:

Oilseed, Peanut	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Oct 2014**		**Oct 2015**		**Oct 2016**	
Canada	**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	8	8	8	8	0	8
Production	0	0	0	0	0	0
MY Imports	142	160	145	145	0	145
MY Imp. from U.S.	115	138	120	120	0	120
MY Imp. from EU	0	0	0	0	0	0
Total Supply	150	168	153	153	0	153
MY Exports	1	16	1	1	0	1
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	141	144	144	144	0	144
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	141	144	144	144	0	144
Ending Stocks	8	8	8	8	0	8
Total Distribution	150	168	153	153	0	153
(1000 HA) ,(1000 MT)						

Peanut production in Canada is constrained by climatic conditions. Agriculture extension reports indicate that a minimum of 3,000 corn heat units is required for normal growth and development. Peanuts grown in areas with fewer heat units will not reach optimum maturity and generally the yield is too low to justify commercial production. As a result, minor peanut production is limited to a few farms in southern Ontario that plant in the range of 200-400 hectares. As a result, Canada is a net importer of peanuts with the United States and China being the top suppliers.

POLICY DEVELOPMENTS:

Change in Government:

In October 2015, the federal Liberal Party of Canada won a majority government and the former Conservative government now forms the official opposition. With the change of government comes a demographic shift that has resulted in the most urban-based government in Canadian history. Some industry observers are worried that this may make it more difficult for agricultural issues such as market access, access to labor, low level presence and transportation to receive priority attention. Shortly after the government took power, the Prime Minister made public the mandate letters he sent to his Ministers. The mandate letters set the objectives that each Ministry in the government must work towards. The new government prioritized infrastructure, trade, and climate change which may be good for Canadian grains and oilseed producers who are heavily dependent on exports markets. The climate change agenda does not focus on biofuels, however, there may still be opportunities within that policy space for Canadian agricultural producers to demonstrate and market their contribution to greenhouse gas reductions.

Transportation:

Transportation is one area where the government has signaled it will put its resources. The Canadian Minster of Transport tabled the Canada Transportation Act (CTA) Review report in late February 2016. The review, which was to occur in 2015, was launched ahead of schedule due to a transportation log jam that impacted the agricultural sector heavily. The review is an exercise to identify the priorities and actions in the transportation sector needed to support Canada's long-term economic well-being. For the Canadian grains and oilseed sector, so heavily reliant on exports, an efficient grain handling system is the life blood of the industry. To date, the government has made no official comment on the report recommendations.

With the collapse of the oil prices in late 2015 and 2016, the extra capacity in the rail system, combined with new dedicated rail programs put forth by the railway companies, has meant that railway capacity

has been able to meet increased demand from the oilseed sector that needs to get the crop to export positions. Railway performance continues to be monitored very closely.

Weekly and monthly reports will be available at www.grainmonitor.ca. In addition, weekly reporting by corridor on rail car supply is being made available by the Ag Transport Coalition at the following URL address: www.agtransportcoalition.com.

Provincial Restrictions of Use of Neonicotinoids in Crops:

In efforts to address issues of pollinator health, Quebec and Ontario, provinces where the production of corn and soybeans is most prominent, have both put forward regulatory approaches to restrict the use of neonicotinoids in crops. In the western provinces, where pollinators are an important factor in canola production, the approach to addressing issues on bee health is largely centered on best practices to reduce exposure. In Ontario, new regulatory requirements for the sale and use of neonicotinoid-treated seeds have been in effect since July 2015, therefore this year (2016) will be the planting season that the seed sellers and grains producers will have to comply. In late November 2015, Quebec announced its intentions to create regulations restricting the usage of what it has determined to be the highest risk pesticides, defined as neonicotinoids, atrazine, and chlorpyrifos, as part of a broader pesticide strategy. Both provinces will restrict the usage of neonicotinoid-treated corn and soybean only to cases where there is a demonstrated pest problem and will render mandatory any neonicotinoid-coated seed use to be justified in advance by a professional agronomist. For Ontario, the ultimate objective of the regulations is to reduce the number of acres planted with neonicotinoid-treated corn and soybean by 80 percent by the 2017 planting season. For Quebec, who are at the beginning of the development of their regulations, the objective is to completely eliminate the use of what they have identified as the "highest risk" pesticides. The regulations have been extremely unpopular with producers in both provinces and have not gone unchallenged. The Grain Farmers of Ontario formally challenged the regulations but lost and have recently appealed the decision. Whether or not they will win the right to appeal the decision is unknown at the time of this report. Farmers warn that the productivity (yields) of their crops will suffer and costs will go up as they will have to spend more on inputs to manage pests in their crops.

Most seed-corn imported from the United States is treated and approximately half of soybean seed from the United States is also coated. The new policy may have a detrimental effect on seed imports but at this time it is hard to determine as the differentiation between treated seed and non-treated seed cannot be made in the trade data.

Trade Agreements:

Canada is working towards ratification of two trade deals that show promise for increased market access in the European Union and into member countries of the Trans Pacific Partnership (TPP). Progression towards ratification is slow however. The Canadian government has stated that it hopes to have the trade deal implemented in early 2017 but some recent legal developments make that timeline doubtful.

The Canadian canola industry is looking forward to the implementation of the Canada-Europe Comprehensive Economic and Trade Agreement. The industry sees two main benefits from the agreement – the elimination of oil tariffs and provision to reduce biotechnology related non-tariff

barriers. Tariffs on canola oil will be eliminated immediately upon implementation and the industry estimates that this could provide exporters the opportunity to increase sales by up to 90 million dollars.

The canola sector sees increased access into Vietnam and Japan as gains for the canola industry, should Canada ratify the TPP. While Japan is a reliable buyer of canola seed, tariffs of 15% have limited canola oil exports to Japan. The Canadian canola industry is hopeful that once the TPP is fully implemented, Japan may shift from seed to importing more, higher-value products such as canola oil. The Canadian oilseed industry, which is dependent on biotech technology, is also pleased on the inclusion of commitments to prevent biotechnology related measures from being used as trade barriers.