

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Canada

Post: Ottawa

Oilseeds Update - Canola

Report Categories:

Oilseeds and Products

Approved By:

Evan Mangino, Agricultural Attaché

Prepared By:

Harvey Bradford, Agricultural Specialist

Report Highlights:

Further disruption of Canadian canola exports to China as well as continued availability of global exportable oilseed supplies have led FAS/Canada to adjust several estimates reported in the 2019 Oilseeds and Products Annual Report (GAIN [CA19003](#)). FAS/Canada has reduced the marketing year 2018/19 estimate for Canadian canola seed exports and increased the estimate for marketing year 2018/19 canola seed ending stocks. On expectations of continued turbulence in global oilseed trade, FAS/Canada has reduced canola area planted and raised ending stocks estimates for marketing year 2019/20.

Keywords: Canada, CA19016, Oilseeds, Canola

Rapeseed (Canola)

Oilseed, Rapeseed Market Begin Year	2017/2018		2018/2019		2019/2020	
	Aug 2017		Aug 2018		Aug 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Canada						
Area Planted	9313	9313	9232	9232	8900	8900
Area Harvested	9273	9273	9100	9120	8800	8780
Beginning Stocks	1342	1342	2499	2506	3400	3500
Production	21328	21328	21100	20344	21100	19750
MY Imports	108	108	100	100	100	100
Total Supply	22778	22778	23699	22950	24600	23350
MY Exports	10849	10723	10600	9750	10100	10300
Crush	9269	9269	9350	9450	9450	9350
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	161	280	349	250	650	300
Total Dom. Cons.	9430	9549	9699	9700	10100	9650
Ending Stocks	2499	2506	3400	3500	4400	3400
Total Distribution	22778	22778	23699	22950	24600	23350
Yield	2.300	2.300	2.319	2.231	2.398	2.249
(1,000 HA), (1,000 MT), (MT/HA)						

MY 2018/19

On March 5, 2019, Richardson International, the largest privately held Canadian agricultural and food company, acknowledged that China had cancelled Richardson's registration to export Canadian canola seed to China. China then cancelled Viterra's license to export canola to Canada's leading canola seed market on March 26, 2019. These two companies exported the largest volumes of Canadian canola seed to China in marketing year (MY) 2017/18, when China imported a record 4.4 million metric tons (MMT) of Canadian canola seed.

With Canada's two largest shippers sidelined early in 2019, exports to China from January to the end of March 2019 dropped to half (630,000 MT) of the three-year average for the same period (1,225,000 MT). FAS/Canada projects MY 2018/19 exports to fall to 9.75 MMT, 800,000 MT lower than originally projected in March 2019. In anticipation of lower MY 2018/19 canola seed exports, FAS/Canada has adjusted projected MY 2018/19 ending stocks at 3.5 MMT, nearly 1 MMT higher than the level projected in March 2019.

MY 2019/20

Area planted for MY 2019/20 has been adjusted down from 9.3 million hectares to 8.9 million hectares, as Canadian farmers adjust planting decisions in response to a less certain marketing outlook for canola. FAS/Canada anticipates additional rotating into wheat and barley in MY 2019/20, as reported in FAS/Canada GAIN Report [CA19011](#). Accordingly, FAS/Canada has lowered the MY 2019/20 production estimate from 20.5 MMT to 19.75 MMT, based on reduced area and expected yields slightly higher than the five-year average following a wet winter that has improved soil moisture levels.

FAS/Canada expects MY 2019/20 exports to rebound slightly as importers optimize oilseed import composition in response to exportable supplies of lower priced oilseeds. However, at 10.3 MMT, MY 2019/20 Canadian canola seed exports would be 800,000 MT below the level projected in March 2019 and well below pre-MY 2018/19 levels. FAS/Canada expects MY 2019/20 ending stocks to remain high, and roughly unchanged from the revised MY 2018/19 projected level.

Crush

Canada's ability to increase domestic crushing is limited by the number of crushing and refining [plants](#) in Canada as well as the current operating capacity, estimated to be currently near the maximum possible level. With no new plants expected to come on line and in the next 12 months, it does not appear that Canadian crushers would be able to increase crushing to utilize larger available volumes of Canadian canola seed in MY 2018/19 or MY2019/20. Canada has just under 10 MMT of total crushing capacity, including three facilities that focus primarily on soybeans. There does not appear to be room for Canadian crushing facilities to absorb the additional canola stored on farms.

Policy

The federal government recently increased the [Advanced Payments Program](#) loan maximum level from \$400,000 CAD to \$1 million CAD and increased the interest free portion of the loan from \$100,000 CAD to up to \$500,000 CAD to provide additional support to farmers in need of financing for input costs ahead of MY 2019/20 planting.