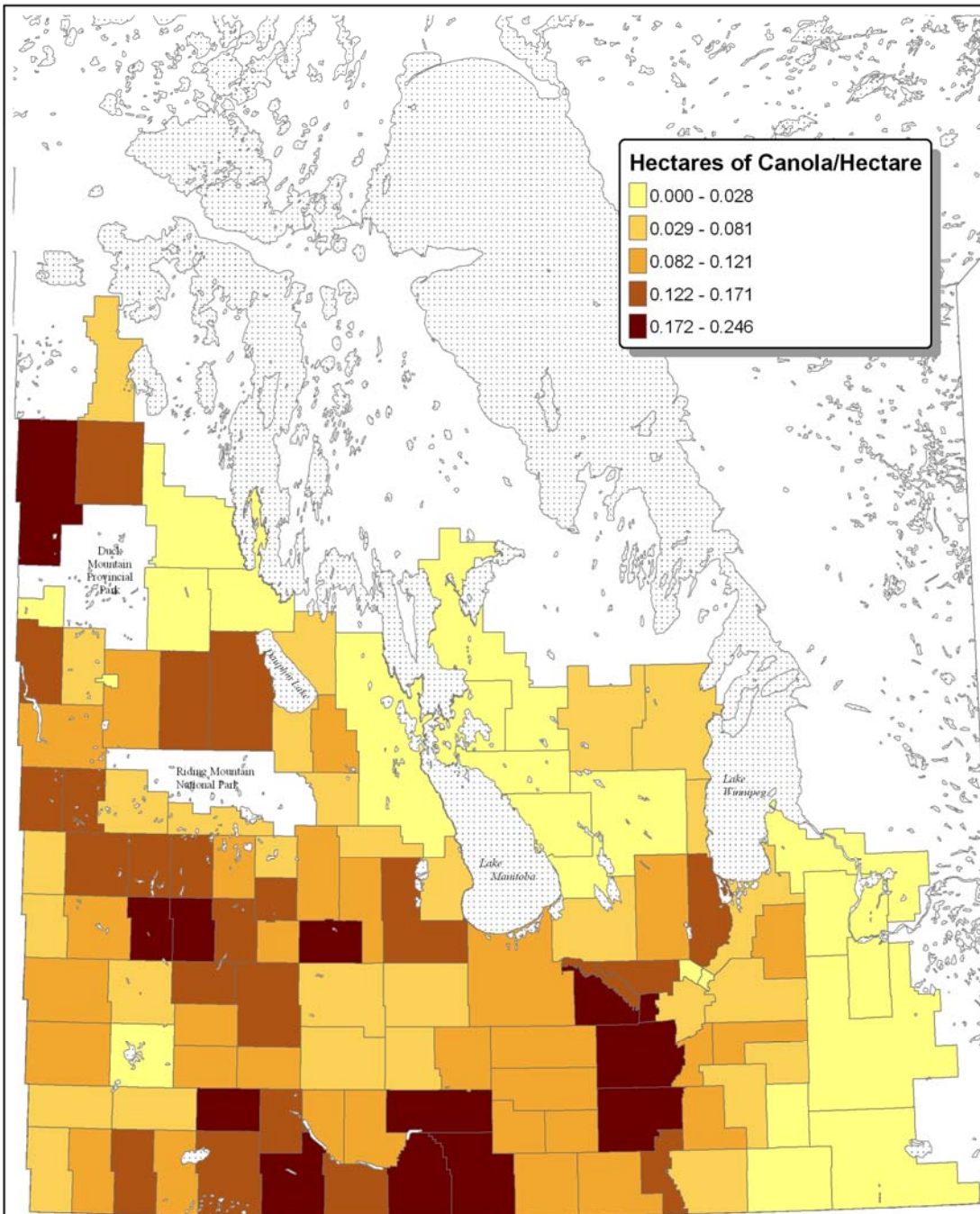


# CANOLA SECTOR



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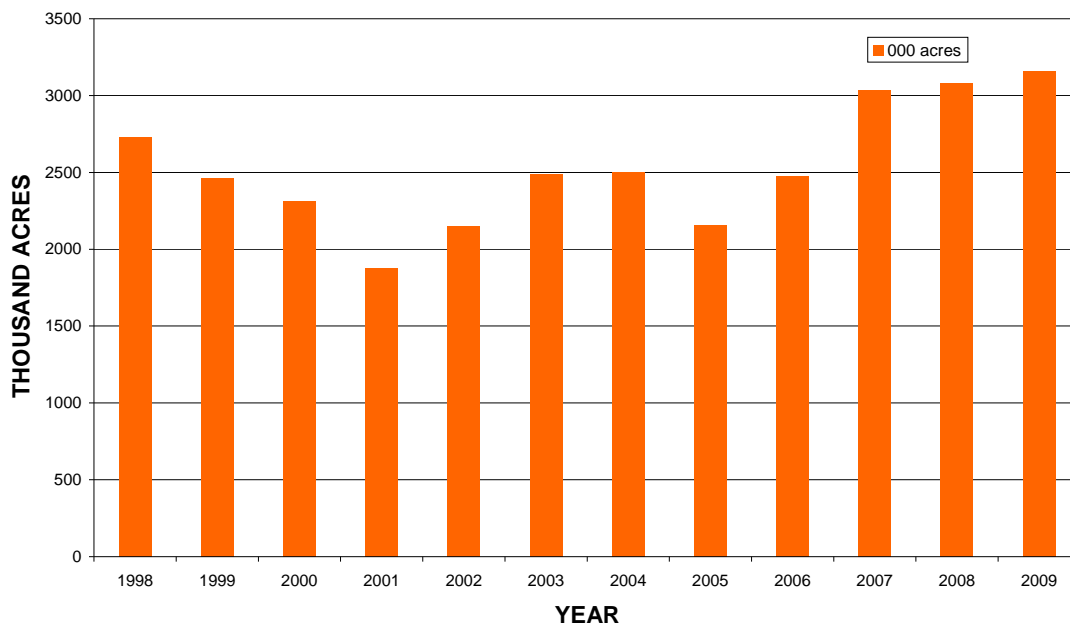
Source: Statistics Canada - 2006 Census of Agriculture



## OVERVIEW OF THE MANITOBA CANOLA INDUSTRY

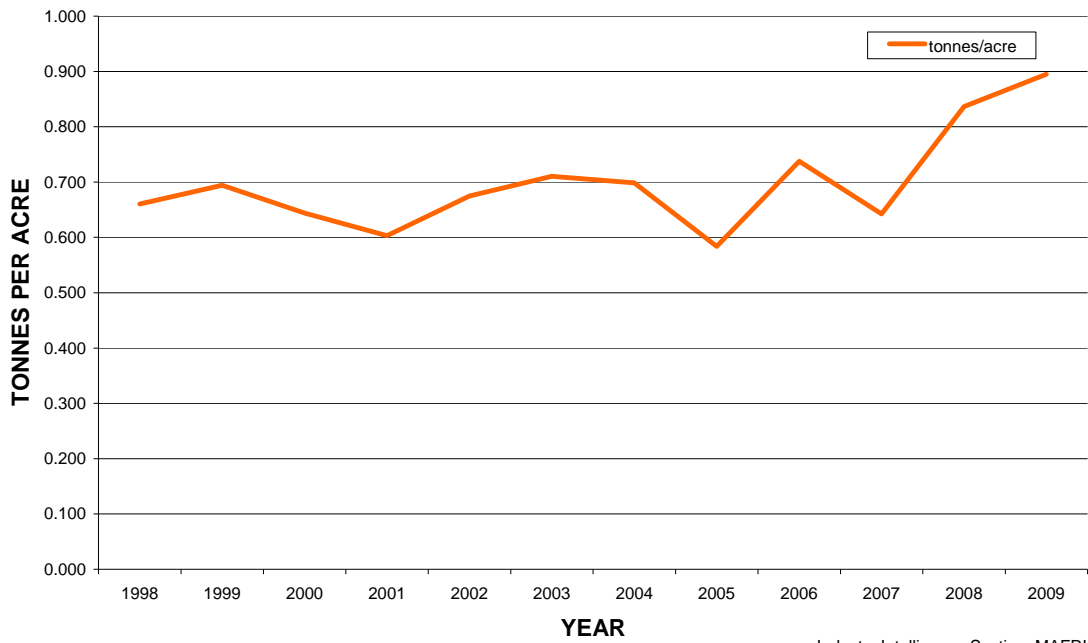
- Rapeseed was introduced as an alternative crop for Manitoba producers during World War II as a substitute for conventional lubricants that had become in short supply. The crop increased in significance after 1968 when Dr Baldur Stefansson of the University of Manitoba used selective breeding to develop a variety of rapeseed low in erucic acid
- In 1974 another variety was produced low in both erucic acid and glucosinolates; the name “canola” was derived from “Canadian oil, low acid”. A variety developed in 1998 is considered to be the most disease- and drought-resistant variety of canola to date. This and other recent varieties have been produced by using genetic engineering.
- The seeds are used to produce edible oil suitable for human consumption due to low levels of erucic acid compared to traditional rapeseed oils. Reduced levels of toxin glucosinolates make the by-product canola meal suitable for livestock feed.
- Canola is Manitoba’s most important oilseed crop.
  - Canola is valued throughout the world for its nutritional qualities in the human diet.
  - Canola oil is the most important component of the seed in terms of market value.
  - Canola meal is an important source of protein in animal feed.

**Area of Canola in Manitoba, 1998 - 2009**



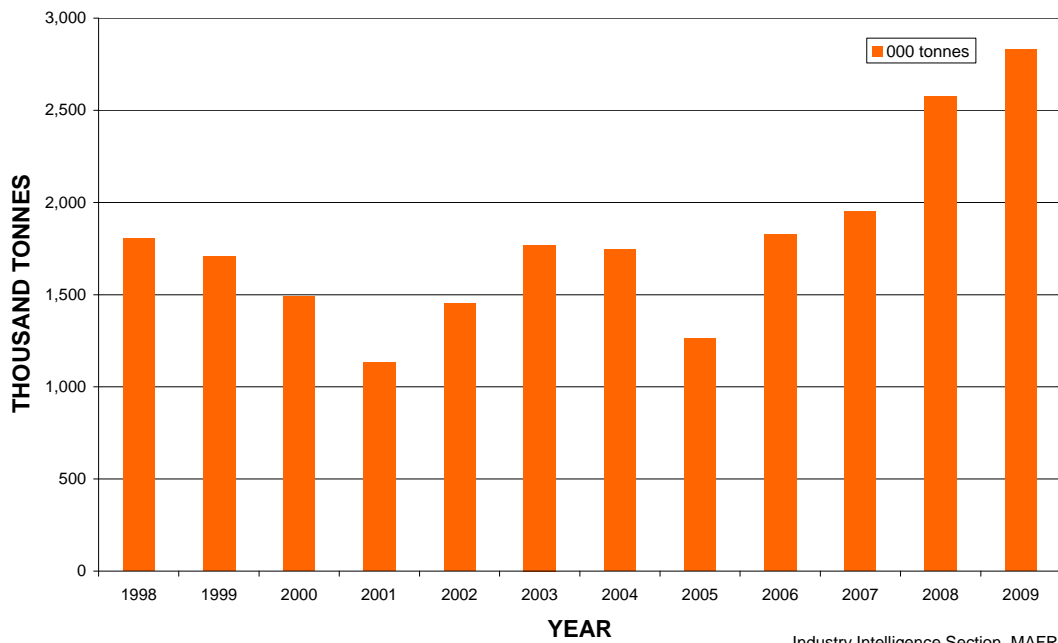
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## Yield of Canola in Manitoba, 1998 – 2009



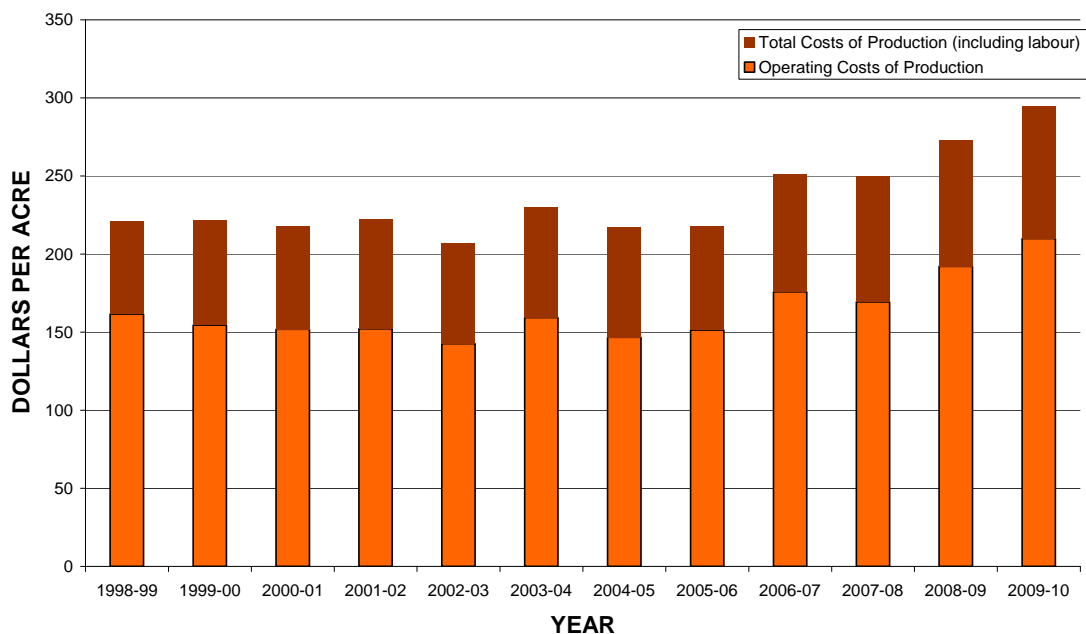
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## Production of Canola in Manitoba, 1998 - 2009



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## Cost of Manitoba Canola Production, 1998 - 2009



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## Farm Supply and Disposition of Manitoba Canola Crop, 1998/99 to 2009/10

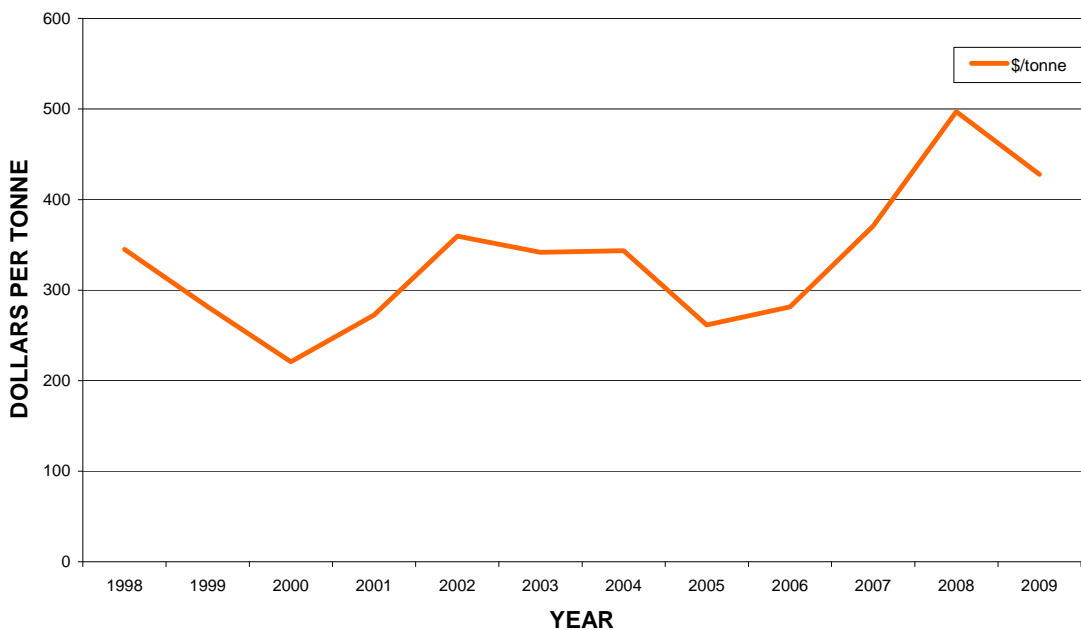
000 tonnes	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Opening Stocks Aug1	10	80	250	110	90	50	49	166	151	101	65	120
Production	1,803	1,708	1,488	1,134	1,452	1,769	1,746	1,261	1,826	1,950	2,576	2,828
<b>Total Supply</b>	<b>1,813</b>	<b>1,788</b>	<b>1,738</b>	<b>1,244</b>	<b>1,542</b>	<b>1,819</b>	<b>1,795</b>	<b>1,427</b>	<b>1,977</b>	<b>2,052</b>	<b>2,642</b>	<b>2,948</b>
Marketings	1,580	1,418	1,584	1,073	1,450	1,846	1,591	1,185	1,793	1,933	2,521	2,723
Seed	1	1	1	1	1	1	1	1	1	1	1	1
Carryover	80	250	110	90	50	49	166	151	101	65	120	175
Feed/ Waste/ Dockage	152	119	43	81	41	-77	37	91	82	53	0	49
<b>Total Disposition</b>	<b>1,813</b>	<b>1,788</b>	<b>1,738</b>	<b>1,244</b>	<b>1,542</b>	<b>1,819</b>	<b>1,795</b>	<b>1,427</b>	<b>1,977</b>	<b>2,052</b>	<b>2,642</b>	<b>2,948</b>

## CANOLA PROCESSING IN MANITOBA

- A significant proportion of canola that is processed in Manitoba is destined for the export market. The Canadian livestock feed industry is also an important market for Manitoban crushers.
- The province's three canola processing facilities have a combined crushing capacity of approximately 1.133 million tonnes per year, producing oil for human consumption and meal for the livestock sector.
- Bunge, formerly CanAmera Foods, operates two plants – one in Altona and the other in Harrowby. Their combined crush of approximately 2,500 tonnes of seed per day includes bulk crude and refined oil, a highstability, high-oleic Nexera canola oil, bulk vegetable oil, retail pack refined oil, hulls and screenings, which are shipped to various destinations across Canada and around the world.
- Viterra Inc. in Ste. Agathe, specializes in specialty oil products for niche markets. At peak capacity, this largest solvent-free crushing plant in the world can process 1,000 tonnes of canola per day, with potential for doubling capacity.
- Specialty oil canola such as high-erucic rapeseed (HEAR) is produced under contract for industrial lubricants and high stability/high oleic canola (trademarked as “Natreon” sold by Dow AgroSciences and “Clear Valley” sold by Cargill Specialty Oils) under contract for the food processing sector.
- Canola seed contains approximately 42 percent oil. Raw canola seed is crushed to release raw crude oil which is then refined and further processed into high quality, high value food products such as margarine, shortenings and frying oils as well as ingredients in salad oils and baked goods.
- Canola oil is also used in the production of inedible products such as pharmaceuticals, cosmetics, suntan oil, detergents and soaps, surfactants, industrial lubricants, greases and hydraulic fuels, fungicides, herbicides, pesticides, plasticisers, inks, lacquers, photographic compounds, and in the anti-static substance for paper and plastic wrap.
- Canola meal is a high-protein by-product after the oil has been extracted from the seed. It is a rich source of vitamins B, E and protein which, along with hulls and screenings, is used in livestock feed, most importantly in dairy, beef, swine and poultry rations.
- Due to our long history of exporting canola, Manitoba producers and processors have extensive experience in servicing foreign markets.
- Manitoba producers export canola seed to countries such as Japan, Mexico, China, and U.S.
- The local processing plants produce products which include bulk crude and refined oil, bulk vegetable oil, retail pack refined oil, hulls and screenings, which are shipped to various destinations across Canada and around the world. Manitoba also produces specialty oil canola such as high-erucic rapeseed (HEAR) under contract for industrial lubricants and high stability/high oleic canola (trademarked as “Natreon” sold by Dow AgroSciences and “Clear Valley” sold by Cargill Specialty Oils) under contract for the food processing sector.
- Canola oil is used for the production of consumables such as margarine, shortenings and salad oil.
- Both canola and rapeseed oil are also used in the production of inedible products such as cosmetics, industrial lubricants, fungicides, herbicides, pesticides, plasticisers, suntan oil, and in the anti-static substance for paper and plastic wrap.

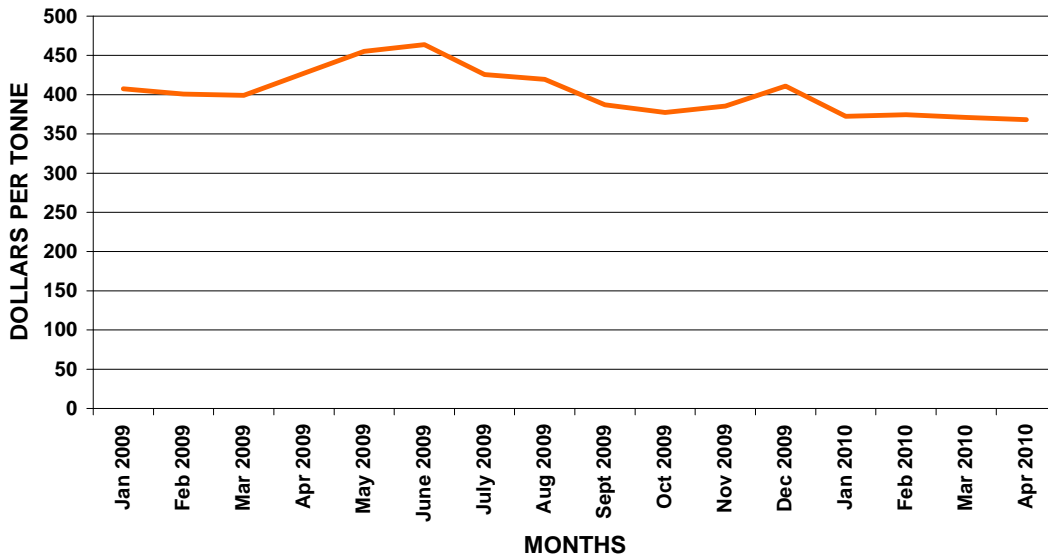
- The Canadian livestock feed industry is also an important market for Manitoban crushers as canola meal is used in dairy, beef, swine and poultry rations.
- The focus of significant research activity for the canola industry continues to improve the quality characteristics of canola seed, oil and meal.
- The ongoing canola breeding efforts have emphasized quality, disease resistance and agronomic improvements.
- Results of the research include increases in seed oil and protein levels, increasing seed yield, improved disease tolerance, earlier maturity, development of high stability oil profiles and the development of integrated methods for the control of insects and diseases.
- Biotechnology and genetic engineering also add to the bright future of canola as they assist in the identification and incorporation of specific plant genes into canola lines to address issues such as herbicide and insect resistance.
- These technological adaptations enable growers to realize a higher yield per acre with some of the strongest canola in the world.

**Canola Prices in Manitoba, 1998 – 2009**



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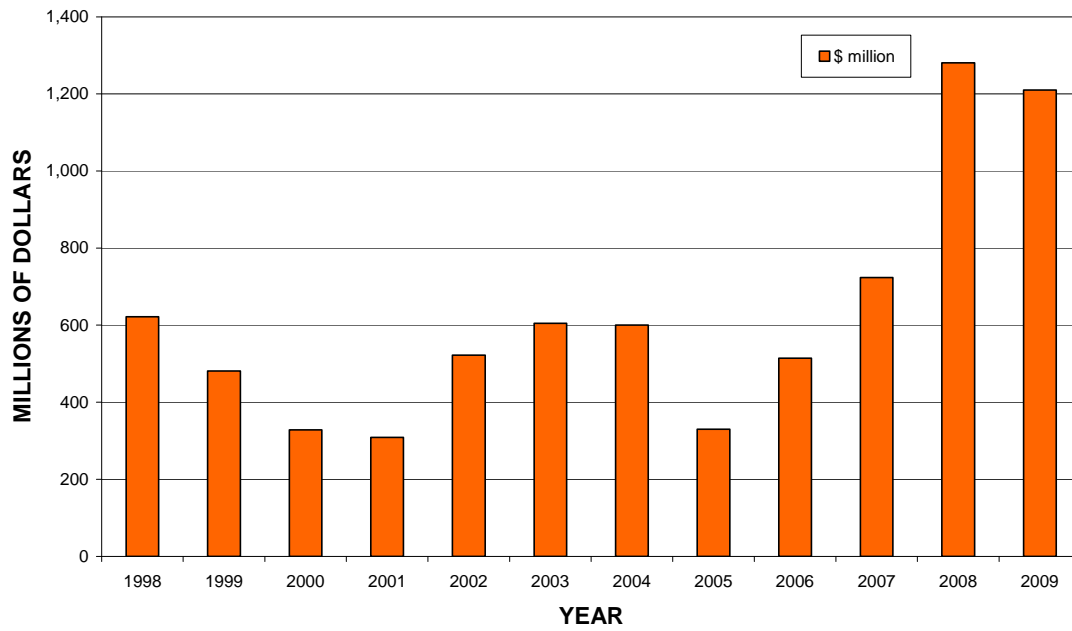
## MONTHLY CANOLA PRICES Manitoba 2009-2010



Prices are farmers net cash return at the Winnipeg Elevator

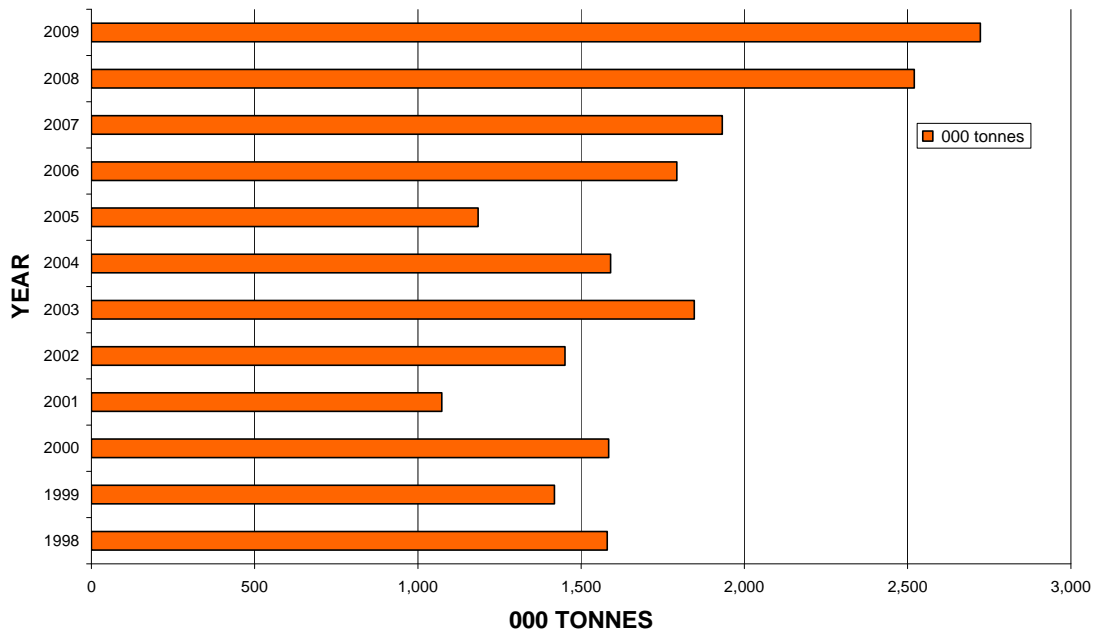
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## Value of Canola Production in Manitoba, 1998 - 2009



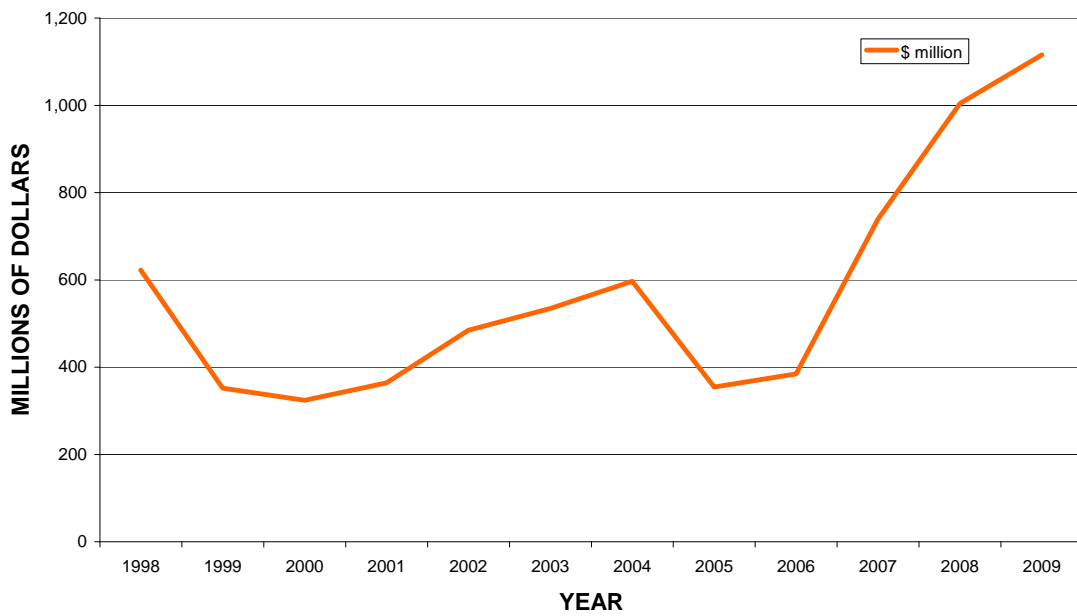
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## Marketings of Manitoba Canola, 1998 - 2009



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## Farm Cash Receipts for Canola in Manitoba, 1998 - 2009

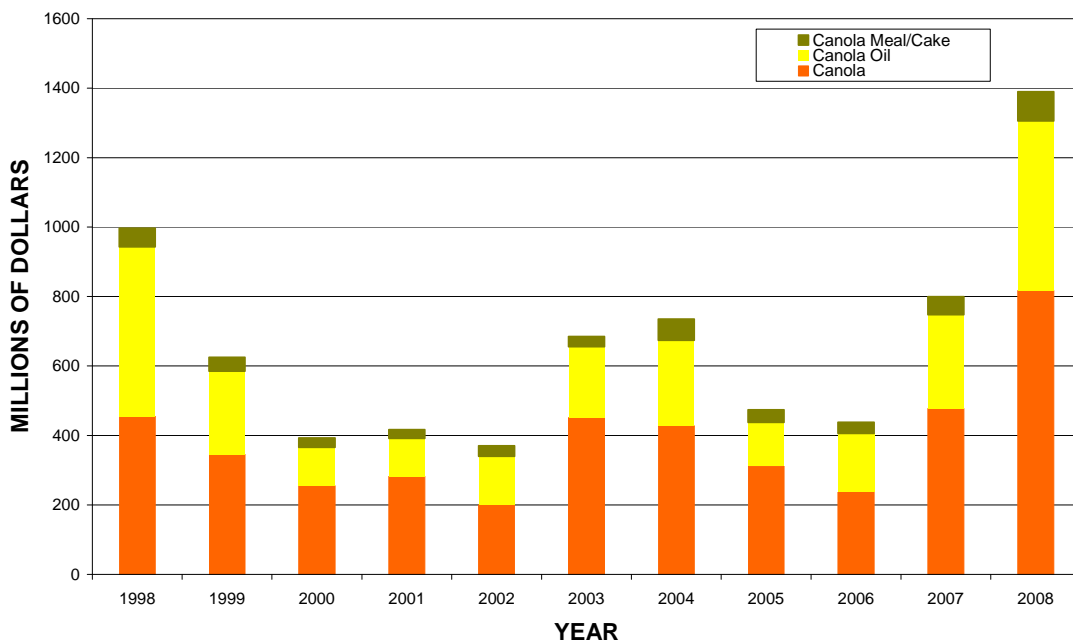


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## TRADE

- Manitoba has extensive experience in servicing foreign markets due to a long history of exporting canola. Canola seed is shipped to China, Japan, Mexico, United States and the United Arab Emirates.
- Demand for canola meal remains strong given the tight world protein supply for animal feed. Canola and rapeseed meals are the second most widely traded protein ingredients in animal feed after soybean meal.
- The major customer of canola oil and meal is the United States where growers do not produce enough canola to meet domestic demand. The top importing states of Manitoba canola are Tennessee, Illinois, California and Louisiana.
- The U.S. dairy industry is a major consumer of Canadian canola meal. As production of canola increases and more meal is available, it may become more widely used by other livestock sectors such as the poultry and hog industries.
- Canola, oil and meal were the top Manitoba exports in 2008, constituting close to 30% of total Manitoba exports. Canola products amounted to \$1.39 billion in 2008, a rise of 63% from just under 800 million the previous year, mainly attributable to the larger canola crop and higher prices.
- Bulk canola exports increased to \$817 million in 2008, an increase of 71% from \$477 million one year earlier and 80% over the 5 year average of \$454 million.
- Exports of semi-processed products included canola oil, meal and oil cake. Canola oil exports reached \$489 million in 2008, up 81% from 2007 and 30% over the 5 year average of \$260 million. Canola meal and oil cake exports amounted to \$84 million in 2008, rising 63% from the previous year and 58% over the 5 year average of \$53 million.

### Manitoba Canola Exports, 1998 - 2008



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