

Recent Trends In Canada's Grains Industry & Grains Innovation Roundtable

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Canada Grains Council

Australian Grains Industry Conference 2009

Melbourne, Australia

29th July 2009



Yukon Territory

Northwest Territories

Nunavut

Newfoundland and Labrador

British Columbia

Alberta

Quebec

Prince Edward Island

Saskatchewan

Manitoba

Ontario

Nova Scotia

New Brunswick

Canada's Agriculture Industry

Influenced by:

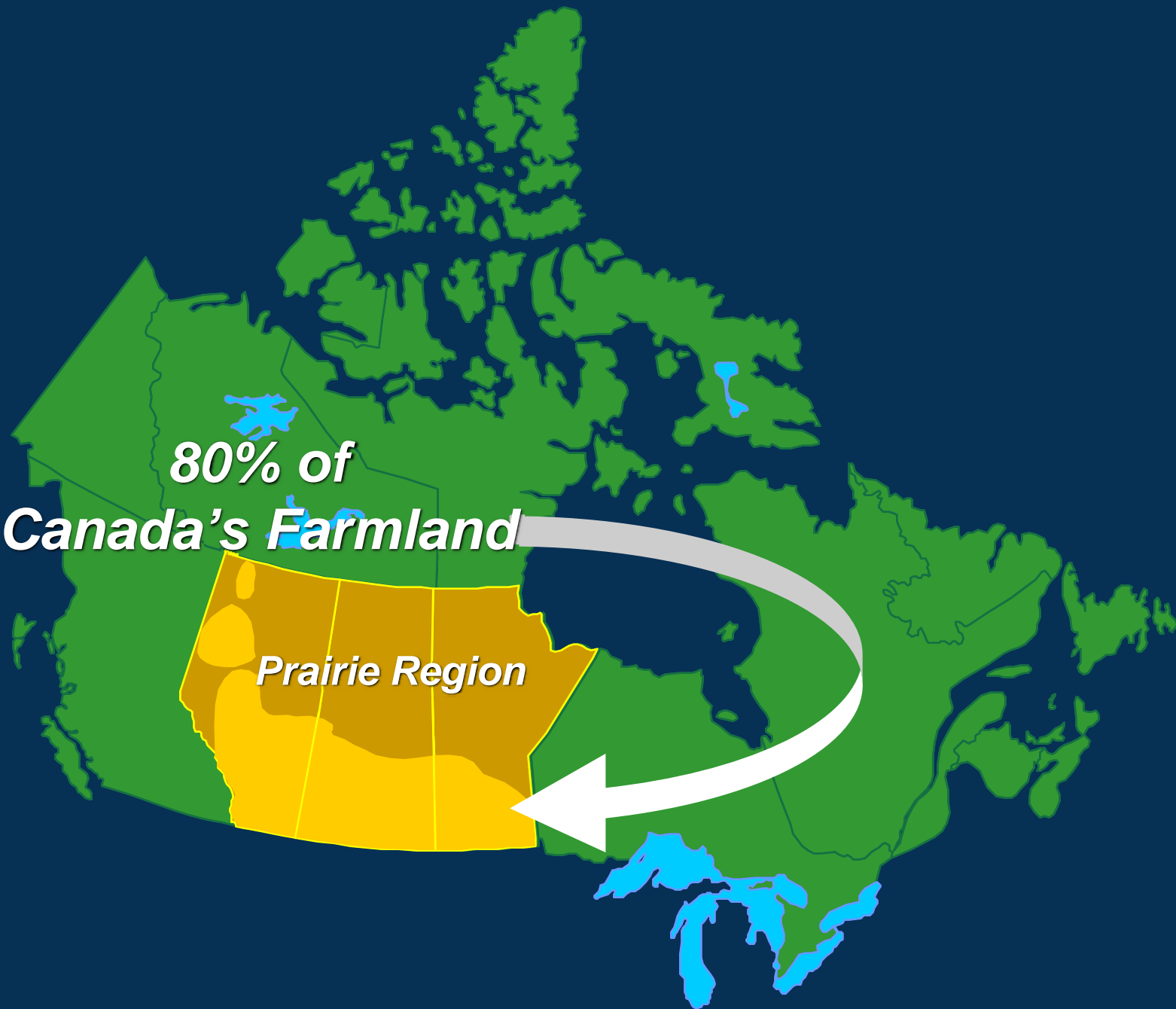
- Geography
- Climate
- Population
- Government
- Innovation

Canada's Geography

- 10 million km²
- 25% forested
- 7% farmland
- Common border with USA

**80% of
Canada's Farmland**

Prairie Region



Vast Distances to Market

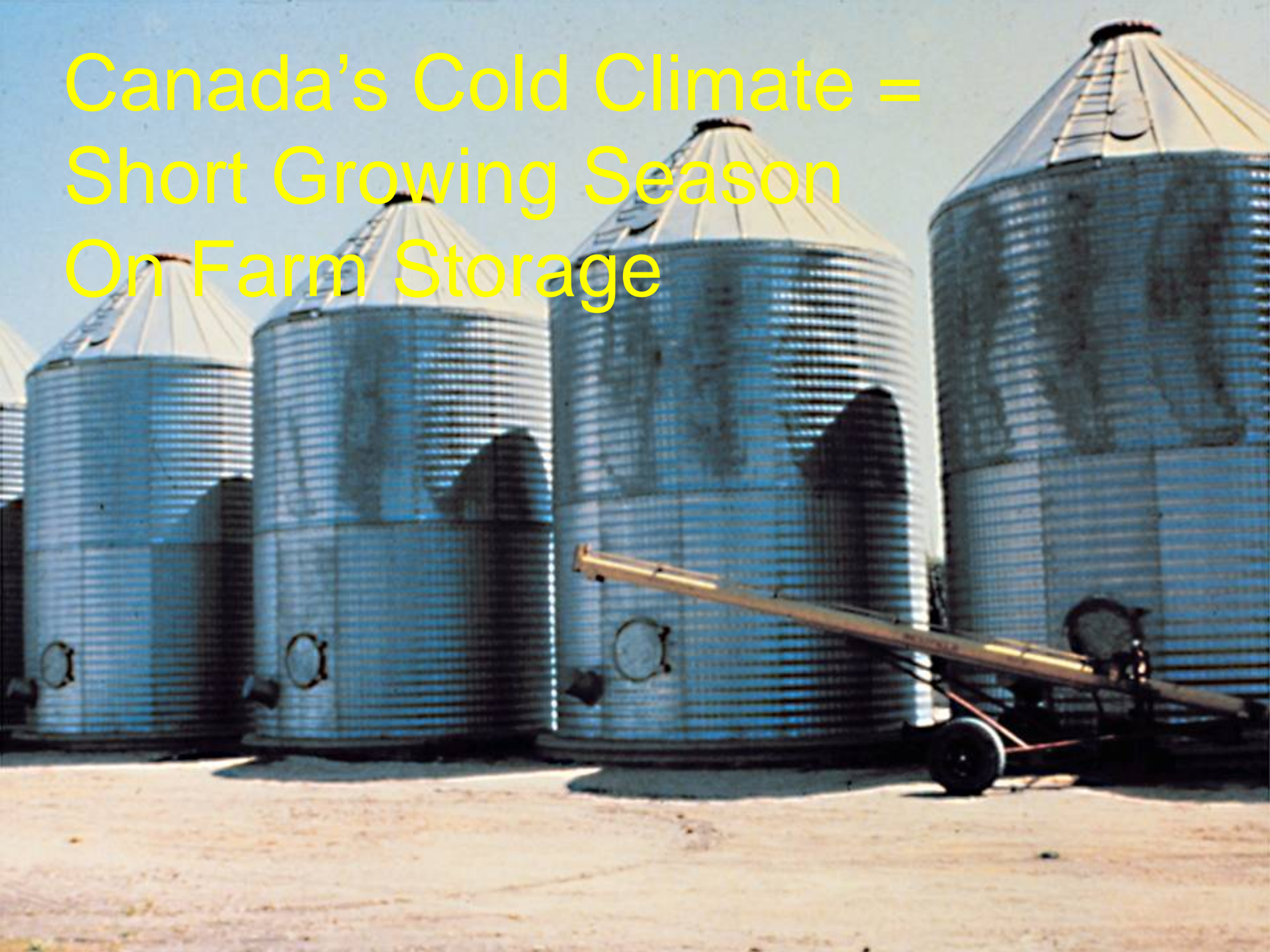
Costs vary by commodity

e.g. 2007-08 export basis:

- \$54/tonne canola
- \$85 /tonne yellow peas



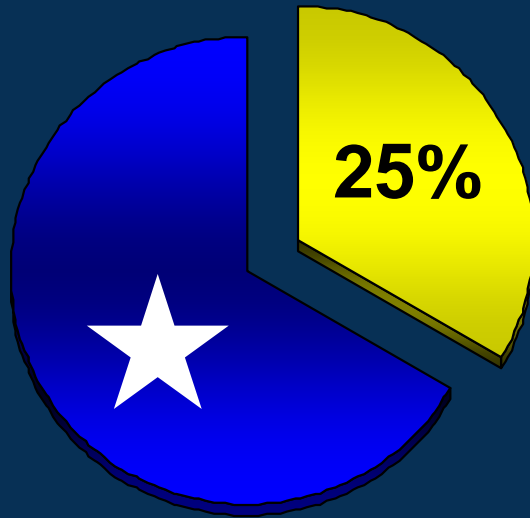
Canada's Cold Climate =
Short Growing Season
On Farm Storage



Small Population = Exports

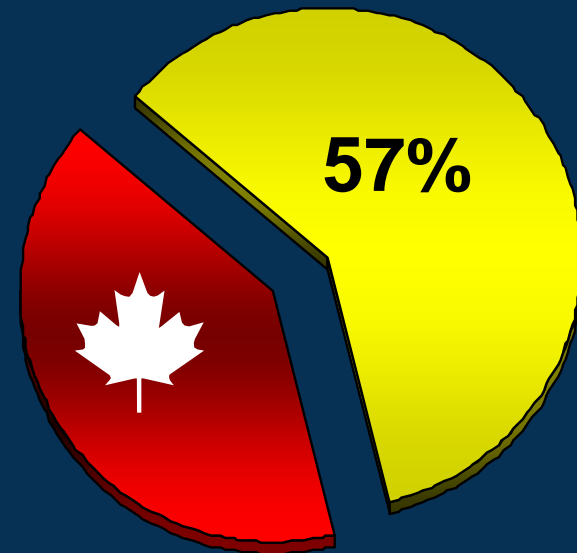
Grain Exports as % of Production

United States



304 Million

Canada



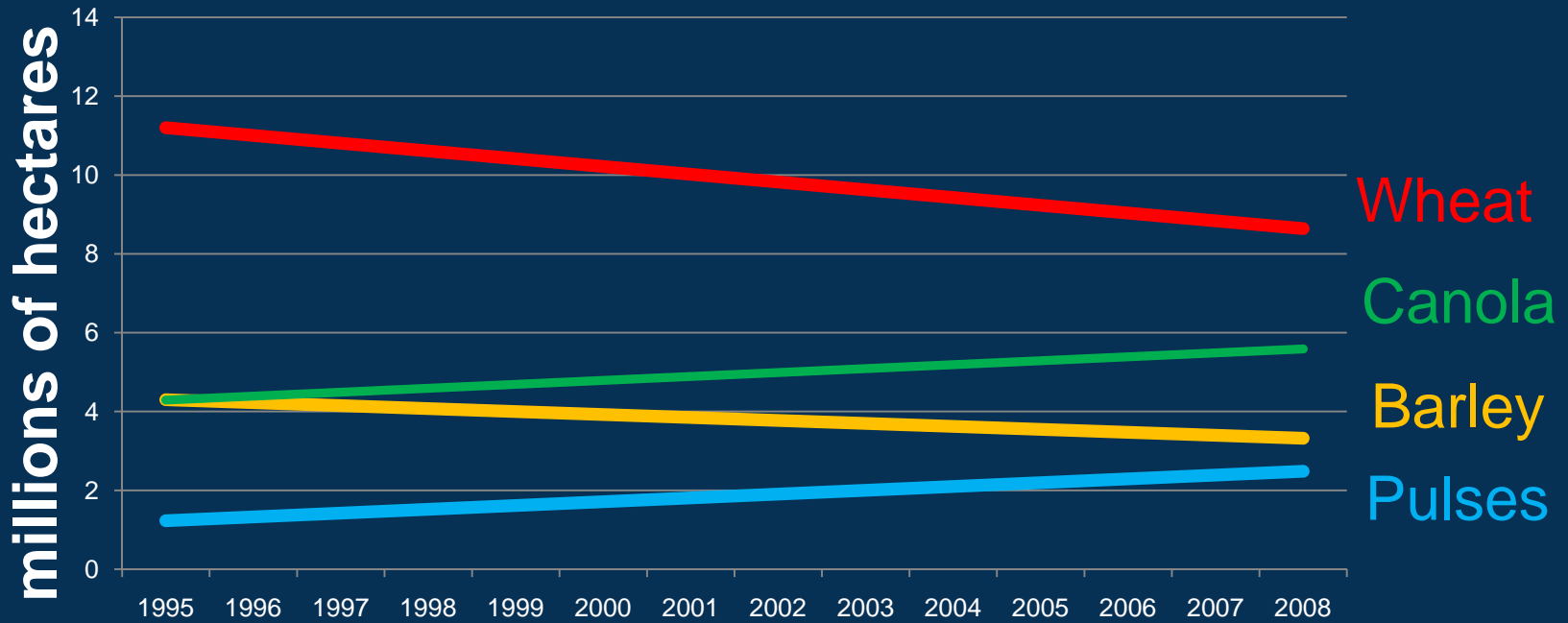
33 Million

- POPULATION -

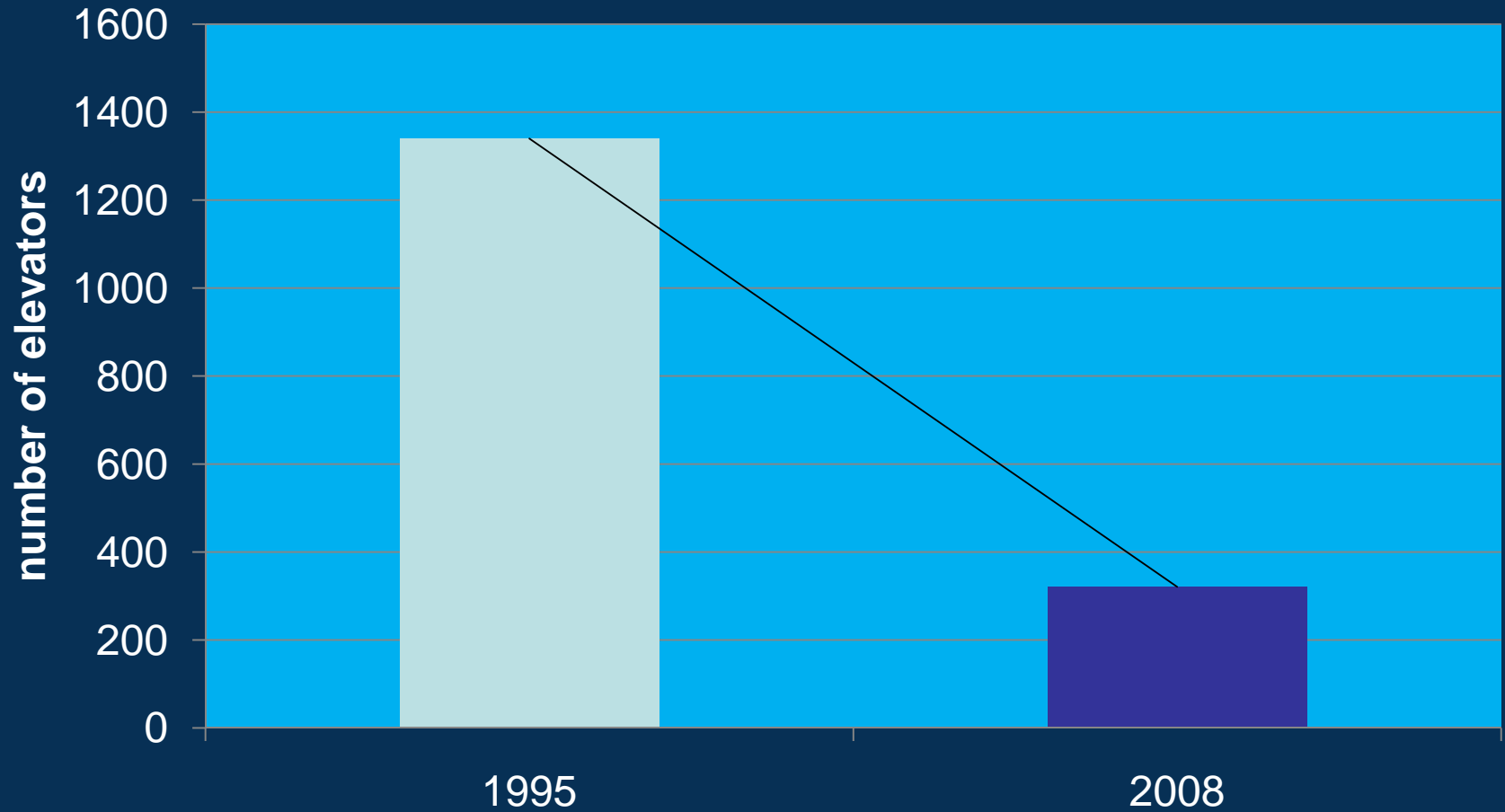
Recent Trends: 1995 - 2009

- 1995: Government Policy - Removal of Crow Rate Rail Subsidy Fundamentally Changed Economics Within Western Grain Industry
- 1995: Innovation - GMO canola commercialized; in some years canola now most valuable Canadian crop

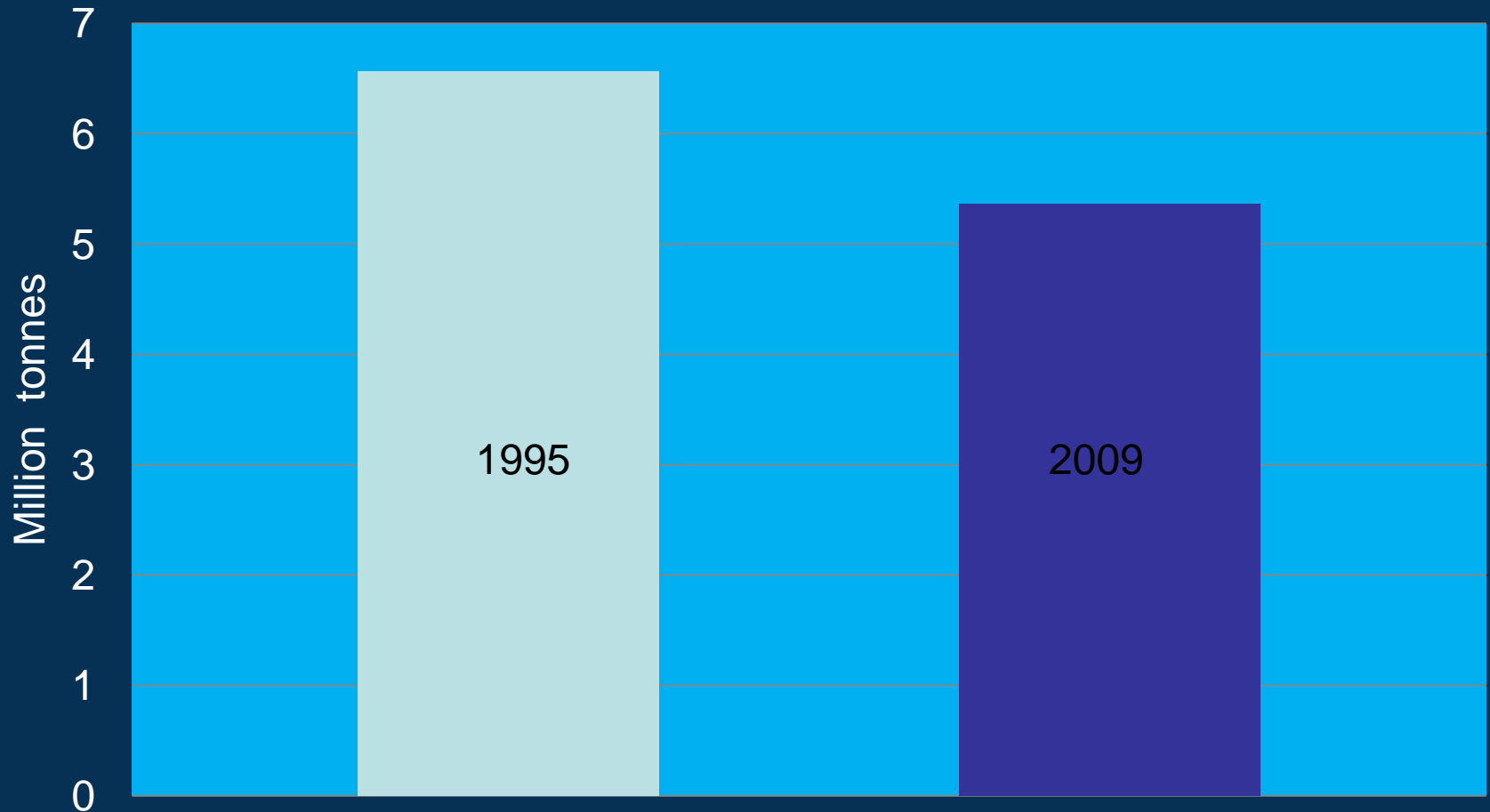
Crop Choices



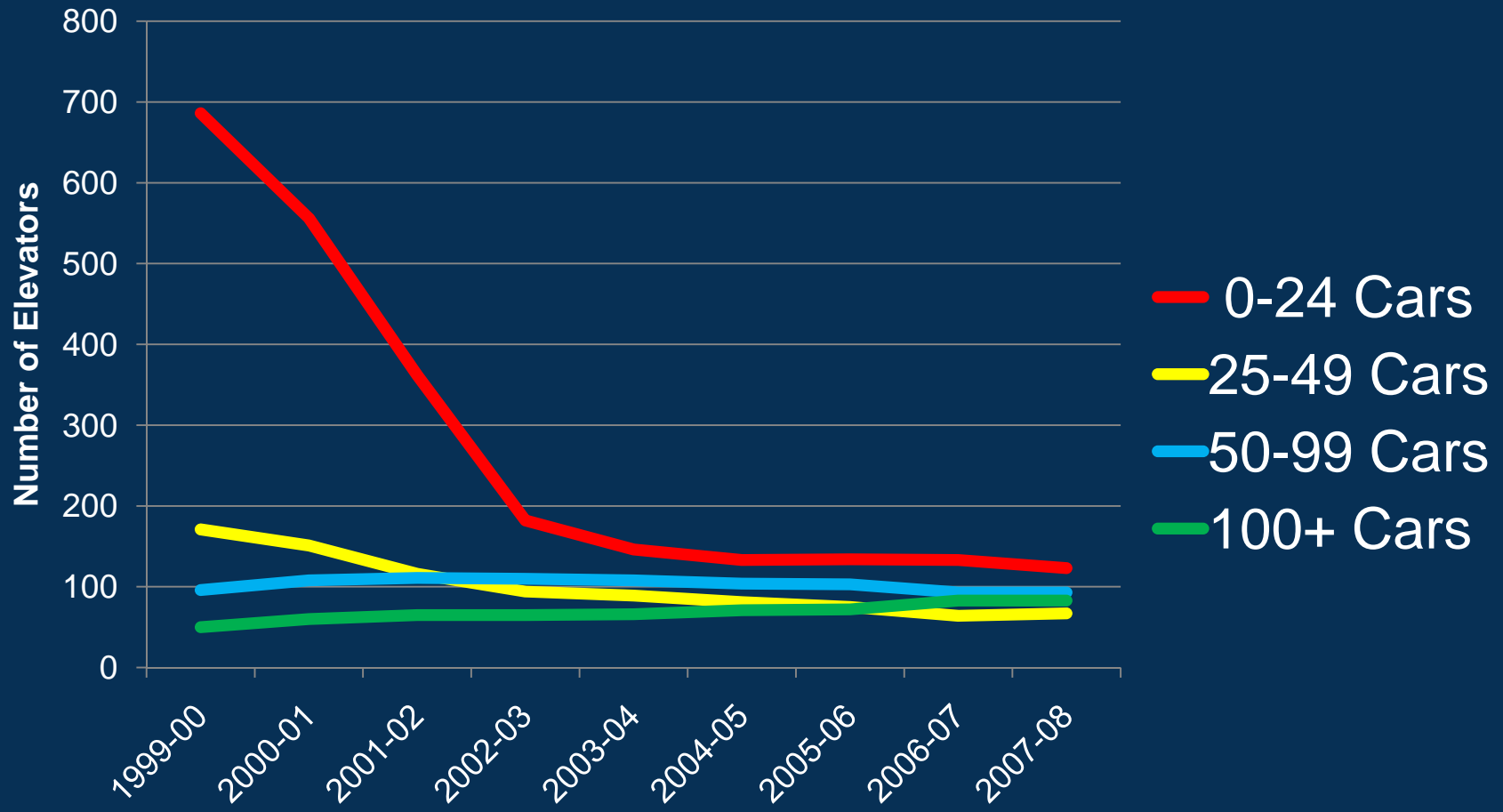
Decline In Primary Elevators



Primary Elevator Storage Capacity



Primary Elevator Loading Capacity



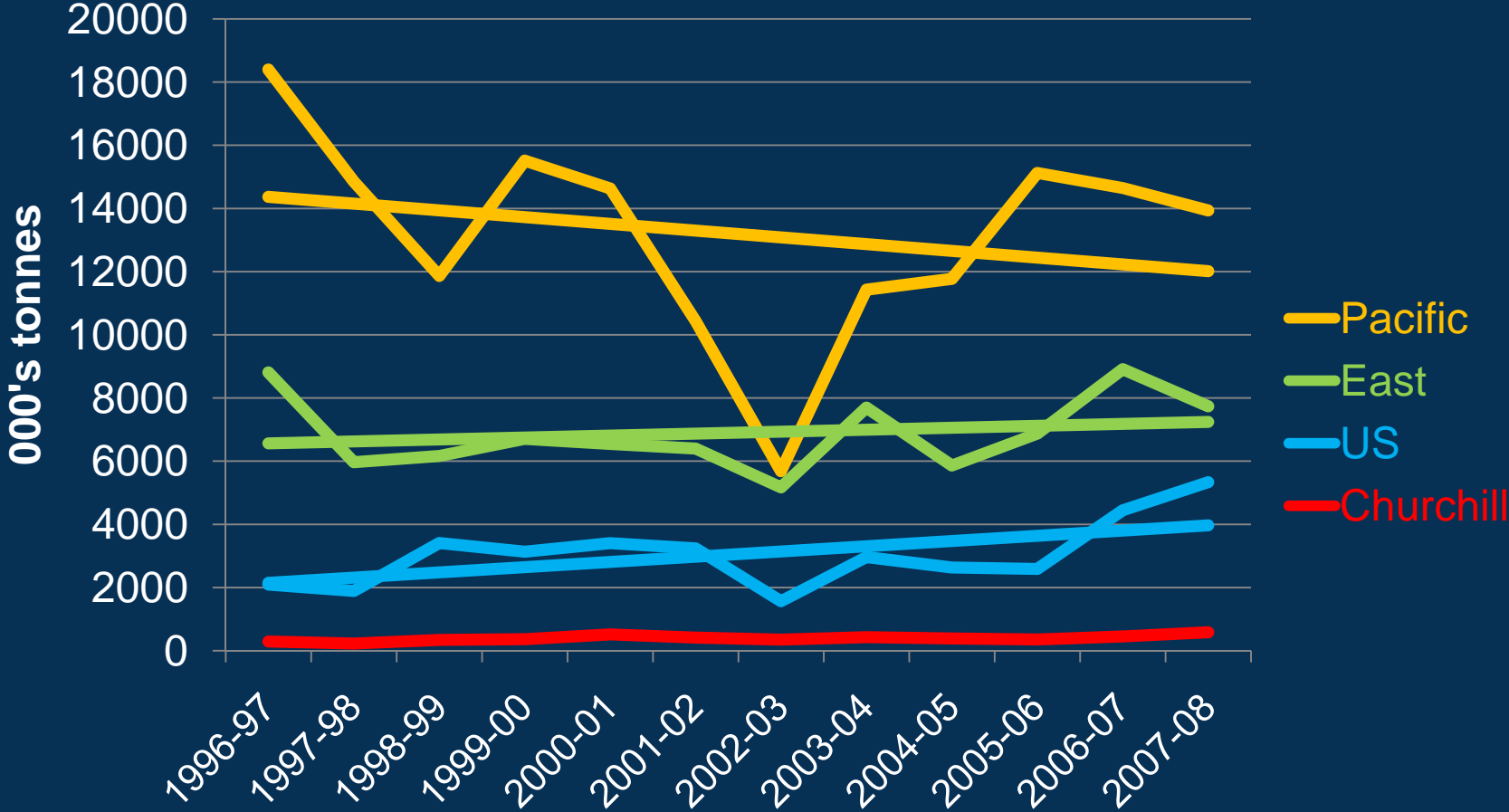


Primary elevator:

High Throughput

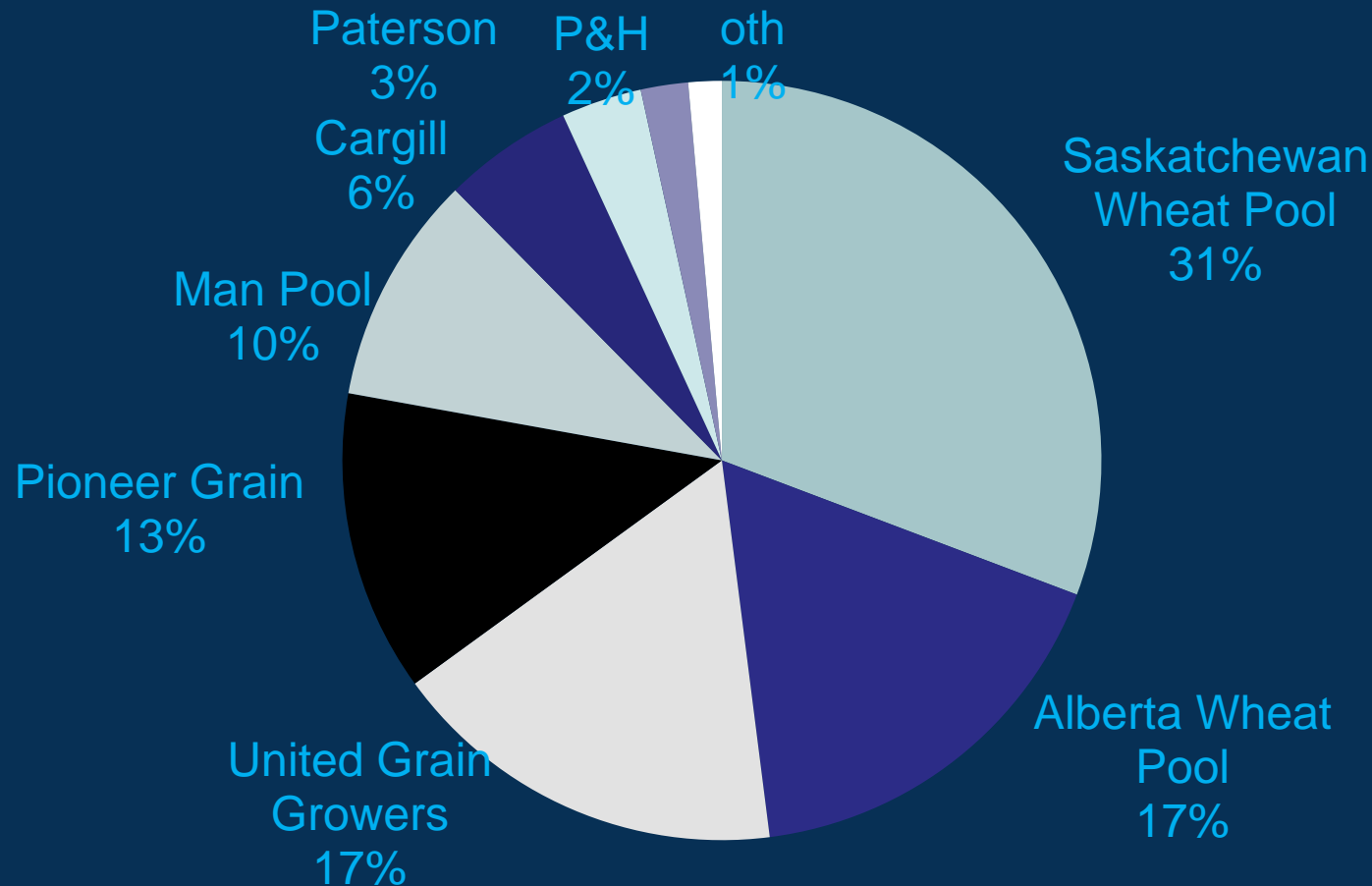
Average 6 x storage

Grain Movement



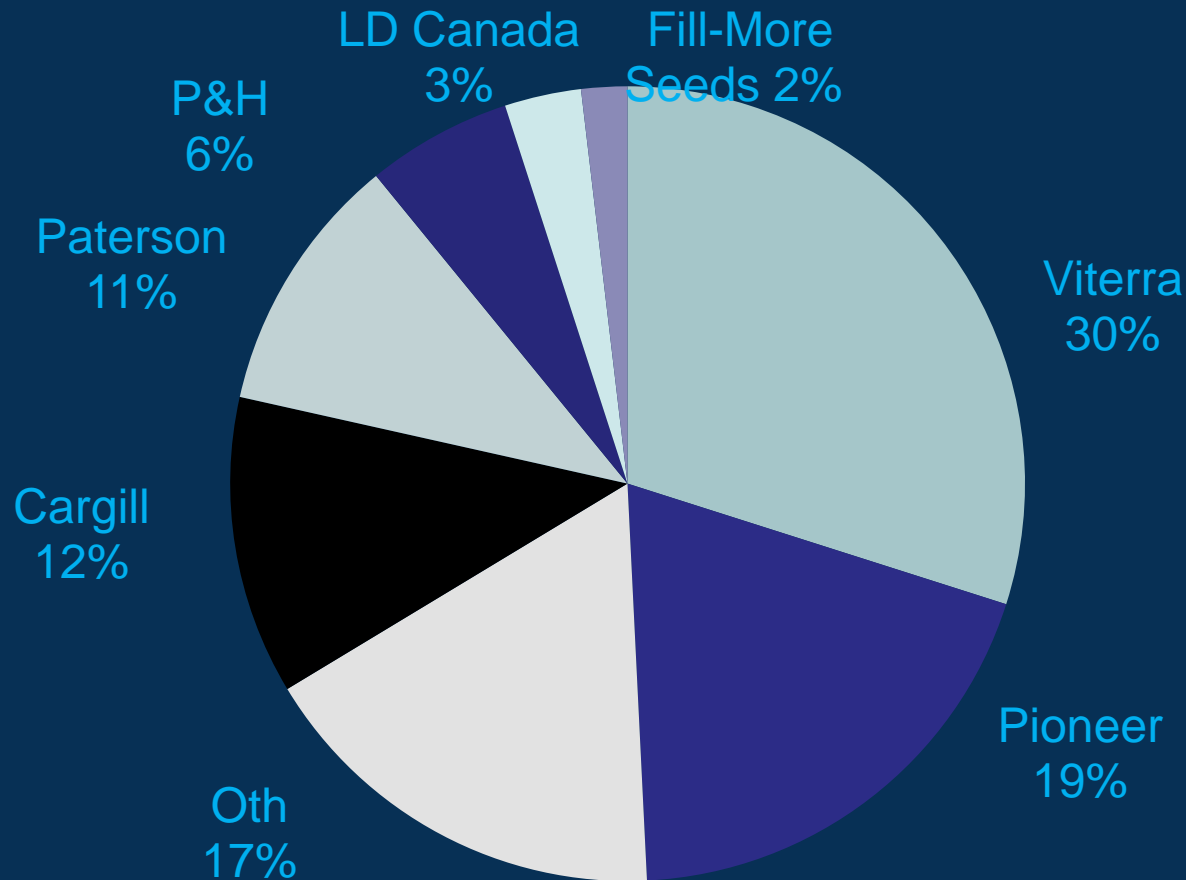
Structural Change : 1995

4 Major Farmer Companies



Structural Change: 2009

10 Major Farmer Companies



Domestic Use of Grains and Oilseeds Increasing

- Feed on farms - 8 million tonnes
- Feed mills - 8 million tonnes
- Oil processing plants - 4 million tonnes
- Domestic flour mills - 2.5 million tonnes
- Maltsters - 0.7 million tonnes
- Brewers and distillers - 0.3 million tonnes

Canola Council Projections

Element	2006	2015
Production	9.1 mt	15 mt
Yield	30.5 bu/a	40.5 bu/a
Oil content	42.5%	45%
Classic to designer	90/10	75/25
Export seed	5.2 mt	7.5 mt
Crush	3.7 mt	7.5 mt
Biodiesel (domestic)	0.05 mt	2 mt
Biodiesel (export oil)	0.25 mt	0.50 mt
Food	3.4 mt	5 mt

Why Emphasis on Grains Innovation?

- Canada's geography and climate place restrictions on country's grains and oilseeds industry
- Canada not likely to become lowest cost producer: one crop/short growing season/high transportation costs
- Commercialization of innovation critical to industry's growth: GMO canola in 1995 – in some years now exceeds wheat value

Grains Innovation Report

- Developed by Canada Grains Council
 - 40+ member value chain Management Committee
 - Committee achieved consensus on 26 recommendations designed to improve Canada's capacity to commercialize innovation
 - Published June 2008
 - Posted on Canada Grains Council's web page: www.canadagrainscouncil.ca

Grains Innovation Roundtable

- Special partnership between Canada Grains Council and Agriculture & Agri-Food Canada
 - AAFC provides logistic support
 - CGC directs policy evolution
- Purpose: To facilitate implementation of 26 recommendations in Innovation Report
- Specific time frame: February 2009 – June 2010

Composition/operations

- Roundtable: 60 members from grains, oilseeds, pulses value chain and federal / provincial governments - meets 4 times
- Steering Committee: 30 members - cross section of Roundtable: conference call every two months
- Working Groups: 5 Working Groups -12-30+ members: conference call/meet as required

Working Groups

- Crop Regulations
- Primary & Further Processing Regulations
- Trade Policy
- Crop Research
- Communications

Roundtable Summary

- Grains Innovation Roundtable exciting new industry/government partnership:
 - Key – Canada Grains Council representing value chain responsible for substance
 - All Working Groups have met twice: Each Working Group has created sub groups to examine specific issues
 - Excellent participation; high energy
 - Long way to go, but initial signs encouraging

Conclusions

- Canada's grain industry has undergone significant change in recent years
- Industry poised for significant domestic growth: e.g. 2.5 million tonnes of canola crush capacity to be added this year
- Future emphasis will focus on quality
- Emphasizes importance of rapid commercialization of new innovation and work of the Grains Innovation Roundtable

Thank you

