



canolacouncil
OF CANADA

2011 ANNUAL REPORT



GROWING

MOMENTUM

GROWING TOWARD OUR GOALS

THE CANOLA COUNCIL OF CANADA IS ON TRACK TO ACHIEVE THE TARGETS OF **GROWING GREAT 2015**, OUR INDUSTRY-WIDE STRATEGY TO CREATE 15 MILLION TONNES OF SUSTAINED MARKET DEMAND AND PRODUCTION BY 2015.

IN 2011 WE MADE SUBSTANTIAL PROGRESS WITHIN ALL FIVE OF OUR STRATEGIC OBJECTIVES:

- // INCREASING **SUSTAINABLE PRODUCTION**
- // INCREASING **CONSUMPTION AND VALUE**
- // IMPROVING **MARKET ACCESS**
- // IMPROVING **QUALITY**
- // IMPROVING **UNDERSTANDING** OF THE CANOLA INDUSTRY

ELEMENT	2006	2015 TARGET
PRODUCTION	9.1 MILLION MT	15 MILLION MT
OIL CONTENT	42.5% AVERAGE	45% AVERAGE
CLASSIC TO DESIGNER	90/10	75/25
MEAL	2000 KCALS/KG ENERGY CONTENT (POULTRY)	10% INCREASE (90% OF SOYBEAN MEAL ENERGY LEVEL)
EXPORT SEED	5.2 MILLION MT	7.5 MILLION MT
CRUSH: FOOD AND BIODIESEL	3.7 MILLION MT	7.5 MILLION MT

MT = METRIC TONNES

RECORD-BREAKING MOMENTUM

18.45 MILLION ACRES HARVESTED

14.2 MILLION MT SEED PRODUCED

6.31 MILLION MT CRUSHED IN CANADA

2.49 MILLION MT OIL EXPORTED

3.10 MILLION MT MEAL EXPORTED

7.89 MILLION MT SEED EXPORTED

*Crush volume is for 2010/11 crop year.
All other statistics are for 2011 calendar year.*

MESSAGE FROM THE CHAIRMAN

IT'S BEEN ANOTHER GREAT YEAR FOR THE CANOLA INDUSTRY. WE ARE PICKING UP SPEED AS WE MOVE TOWARD OUR 2015 TARGETS.

THAT'S MOMENTUM

The signs of our success are everywhere: In the abundance of canola-based food products on grocery store shelves. In the new biodiesel plants rising up on the prairies. In the growing expanses of bright yellow fields that continue to set new production records. And in the advancement of seed genetics and agronomics.

Most importantly, we are gaining ground in world markets, which are so critical to the long-term outlook for our industry. In 2011 we made good headway in China and Europe, and we strengthened our relationships with long-time customers in the U.S., Japan and Mexico. Confidence in our seed, oil and meal is clearly growing, and our export prospects have never been more promising.

We achieved all of this progress in the face of some difficult challenges. Weather, disease and global trade barriers required us to pull together and find new solutions. We succeeded because of the same strengths that have made our industry a world leader – commitment, innovation, teamwork and great products.

We dedicate this annual report to the late Denise Maurice, who made such an enormous contribution to the Canola Council of Canada as Vice President of Crop Production. Our industry is stronger because of Denise's vision, knowledge and unflagging energy. Her memory inspires us to achieve even greater things in the years ahead.



PATRICK VAN OSCH
CHAIRMAN
Canola Council of Canada

2010-11 BOARD OF DIRECTORS



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OUR CORE FUNDERS



SUSTAINABLE PRODUCTION IS GROWING

WE'VE BEEN CALLED THE **NEW GOLD RUSH OF THE PRAIRIES.**

RESILIENT AND PROFITABLE, CANOLA IS NOW CANADA'S NUMBER ONE CASH CROP - AND WE CONTINUE TO BREAK PRODUCTION RECORDS, EVEN IN A CHALLENGING YEAR LIKE 2011.

BETTER DATA, BETTER DECISIONS

Farmers say variety data is their third most valuable piece of information, right after weather and commodity prices. With that in mind, a new generation of **Canola Performance Trials** was launched in 2011.

The new program compares the performance of leading varieties in 23 small plots, plus 108 audited field scale trials of new varieties conducted by the seed trade across the Prairies. Never before have breeders and grower groups cooperated on such a large scale.

Farmers can explore the results on the Canola Council website, researching data by agronomic and geographic factors. A new online tool calculates the contribution margins for different varieties.

RECORD LEVELS OF PRODUCTION RESEARCH

A **three-year research program** launched in 2011 is investigating every major crop production factor, from seeding to storage. The industry and Agriculture and Agri-Food Canada have invested nearly \$11 million in 31 crop production projects.

TIMELY INFORMATION TO MANAGE RISKS

Clubroot, sclerotinia, flooding, drought... These were just some of the uncertainties confronted by canola growers during an unpredictable year.

The Canola Council responded by increasing the volume of reliable agronomic information flowing to farmers. The free e-newsletter **Canola Watch** continued to expand in scope, reach and frequency as it became a year-round source of unbiased information on crop production concerns. Seven **webinars** in April, May and June gave growers the opportunity to ask questions about fertility, insect scouting and disease management, while **alerts** throughout the season informed farmers about outbreaks, weather-related spoilage problems and opportune times to consider spraying.

Combine clinics once again attracted capacity crowds of farmers interested in getting more profit into the bin. This year, the clinics were presented in Saskatoon, Brandon and Westlock in cooperation with the provincial grower groups and combine manufacturers.

MOMENTUM IN 2011

- // **10.7% INCREASE** IN PRODUCTION*
- // **9.1% MORE** HARVESTED ACRES*
- // **1.5% INCREASE** IN AVERAGE YIELD*
- // **2.48% INCREASE** IN AVERAGE OIL CONTENT*
- // **31% INCREASE** IN DOMESTIC CRUSH**
- // **28.8%** OF ALL FARM CASH RECEIPTS FOR CROPS IN CANADA*
- // **30% INCREASE** IN CANOLA FARM CASH RECEIPTS*

* Source: Statistics Canada

** Source: Canadian Oilseed Processors Association

CONSUMPTION IS GROWING

CONSUMERS AROUND THE GLOBE KNOW A GOOD THING WHEN THEY SEE IT - AND SO DO FOOD MANUFACTURERS.

WE'RE CAPITALIZING ON CANOLA'S ADVANTAGES BY SPREADING THE WORD AROUND THE GLOBE.

PARTNERSHIPS: BUILDING OUR HEALTHY REPUTATION, WORLDWIDE

To emphasize canola's heart-healthy advantages, CanolaInfo embarks on healthy eating promotions with credible global partners.

In 2011 CanolaInfo once again joined forces with the World Heart Federation to raise awareness of heart-smart options in conjunction with **World Heart Day**. Promotions in Canada, the U.S., Mexico and India featured an interactive Facebook game, podcasts, webinars and media events. The promotion resulted in print, radio and online coverage reaching hundreds of millions of consumers around the world.

In the U.S., CanolaInfo capitalized on the release of **new government dietary guidelines** to trumpet the virtues of canola oil through media tours. The organization also teamed up with the Institute of Food Technologists to present the first **Heart-Healthy Product Development Competition**, which called for food science students to create new food products made with canola oil.

During **American Heart Month**, CanolaInfo partnered with the American Heart Association to air Public Service Announcements about "good" fats and "bad" fats. CanolaInfo also enlisted well-known food writers and cookbook authors to present **disease-fighting recipe collections** with enticing titles like *Home is Where the Heart Is*, *Go Fish with Canola Oil* and *Hearty & Healthy Winter Recipes*.

FOOD MAKERS: MORE PRODUCTS, MORE PRIDE IN OUR BRAND

In 2011, food manufacturers introduced or explored several **innovative commercial products** including:

- // An Omega 9 product for microwavable popcorn – so significantly better in reducing trans and saturated fats that it has earned the American Heart Association's Heart-Check Mark
- // A margarine specifically designed for making croissants
- // A high-oleic oil that resists oxidation, making it ideal for snacks and baked products
- // A new shortening for icings, cakes and fillings
- // Ice cream and frozen treats
- // Protein isolates for human consumption – similar to those made from soy, milk and whey, but with less allergy risk

Canola is becoming **more visible on labels everywhere** as food companies realize that consumers are seeking out this healthy ingredient. Major oil and margarine brands now display yellow canola flowers alongside the U.S. Food and Drug Administration's qualified health claim about the oil's ability to reduce the risk of heart disease.

MOMENTUM IN CONSUMER AWARENESS

- // CANOLAINFO RADIO MESSAGES WERE HEARD **450 MILLION TIMES**.
- // CANOLAINFO MESSAGES WERE HEARD OR VIEWED ALMOST **2 BILLION TIMES WORLDWIDE**.
- // **38,000 VISITORS A MONTH** VIEWED THE AMERICAN HEART ASSOCIATION'S "FACE THE FATS" WEB PAGES.
- // **MAJOR PUBLICATIONS AND BLOGS** TOUTED CANOLA'S HEALTHY ADVANTAGES, INCLUDING PREVENTION, SHAPE, MEN'S HEALTH, RUNNER'S WORLD, DOCTOROZ.COM AND WEBMD.COM
- // **FACEBOOK FANS GREW FROM 300 TO NEARLY 13,000** IN LITTLE MORE THAN A YEAR.

VALUE IS GROWING

EVERY YEAR WE LEARN MORE ABOUT CANOLA'S ADVANTAGES. THE WORLD IS DISCOVERING ITS WORTH FOR LIVESTOCK FEED AND BIODIESEL, AND RESEARCH IS REVEALING NEW HUMAN HEALTH BENEFITS.

MEAL TRIALS: PROVING CANOLA'S VALUE FOR DAIRY PRODUCTION

To demonstrate canola's ability to increase milk production, the Canola Council conducted **feeding trials at five Chinese dairies.**

The trials confirm the huge potential to increase sales of canola meal in the global dairy industry. One large Chinese company is now using Canadian-sourced canola meal at all of its dairy farms across the country, and others plan to follow. **Aquaculture trials** are also underway in China.

HUMAN HEALTH: BENEFITS BEYOND THE HEART

Canola's heart-healthy advantages have been confirmed by the U.S. Food and Drug Administration's qualified health claim. Now researchers are exploring several other potential health benefits.

In 2011 the research community learned that:

- // **Colon tumors** were reduced in animals fed canola oil at South Dakota State University.
- // Animal studies at Marshall University and North Dakota State University suggest consumption of canola oil may reduce the risk of **breast cancer.**
- // **Type 2 diabetes risk** was reduced by 21% in two Chinese population studies of plant-based Omega-3 fats.

BIODIESEL: GROWING OPPORTUNITIES IN CANADA AND ABROAD

As the world turns to environmentally friendly fuels, canola is a biodiesel feedstock of choice.

To capitalize on this opportunity, the Canola Council is working to overcome market barriers and develop **trading relationships in the largest biodiesel markets.** Our efforts in 2011 focused on international trade agreements and the sustainability requirements for biodiesel production in Europe and the U.S.

Here at home, we celebrated a series of positive milestones that will increase both the supply and demand for canola biodiesel in Canada. New inclusion requirements represent a **consistent domestic market** for canola seed of about one million tonnes annually.

MOMENTUM IN BIODIESEL

- // **A 13 CENT/LITRE GRANT** TO RENEWABLE DIESEL PRODUCERS AND A **TWO PERCENT BIODIESEL INCLUSION MANDATE** WERE INTRODUCED BY THE SASKATCHEWAN GOVERNMENT.
- // **A TWO PERCENT RENEWABLE CONTENT REQUIREMENT** FOR DIESEL FUEL AND HEATING OIL SOLD IN CANADA CAME INTO FORCE AFTER YEARS OF STUDIES AND CONSULTATIONS.
- // **FOUR NEW BIODIESEL PLANTS** WILL BE BUILT IN ALBERTA, BRINGING THE TOTAL NUMBER OF CANADIAN PLANTS TO MORE THAN A DOZEN.

MOMENTUM

IN WORLD MARKETS

"WE BELIEVE THAT CANOLA COOKING OIL IS MOTHER NATURE'S GIFT TO MANKIND, AND ARGUABLY, THE HEALTHIEST COOKING MEDIUM KNOWN."

RPS Kholi, Director and CEO, Jivo Wellness, in The Financial Express
INDIA

CANADA
WORLD CAPITAL OF CANOLA PRODUCTION
45% of vegetable oil consumed comes from canola
490,000 MT of canola oil consumed
760,000 MT of canola meal consumed
\$15.4 billion in economic activity generated

MEXICO
OUR FOURTH LARGEST CUSTOMER
26% of vegetable oil consumed comes from canola
1.44 million MT of canola seed imported
\$700 million in economic activity generated

UNITED STATES
CONSISTENTLY A POWERHOUSE MARKET
Number Two edible oil in the country
668,000 MT of canola seed imported
1.49 million MT of canola oil imported
Recognized by the FDA as reducing heart disease risk
\$1.79 billion in economic activity generated

EUROPE

LEADING THE GLOBAL BIODIESEL INDUSTRY

World leader in biodiesel development and demand

Feedstock of choice is canola/rapeseed oil
Access assured for Canadian canola through ISCC certification and progress on EU RED

183,000 MT of canola oil imported directly from Canada

CHINA

AN IMPORTANT AND GROWING MARKET

1.33 million MT of canola seed imported
564,000 MT of canola oil imported
586,000 MT of canola meal imported

INDIA

HUGE MARKET POTENTIAL FOR HEALTHY OILS

15.5 million MT of edible oil consumed every year
Growing middle class seeking healthier food products
Asian Heart Institute in Mumbai switching to canola

JAPAN

OUR MOST CONSISTENT AND LONG-STANDING CUSTOMER

Number One edible oil in the country
2.33 million MT of canola consumed
\$1.4 billion customer

MARKET ACCESS IS GROWING

GONE ARE THE DAYS WHEN TARIFFS WERE THE ONLY MARKET ACCESS ISSUES. TODAY TRADE CAN BE RESTRICTED BY POOR REGULATION, UNSCIENTIFIC APPROACHES AND OTHER NON-TARIFF BARRIERS.

WE WORK CLOSELY WITH GOVERNMENT AND TRADE REPRESENTATIVES TO KEEP MARKETS OPEN THROUGH THE **CANOLA MARKET ACCESS PLAN**.

THE INDUSTRY'S VOICE ON IMPORTANT TRADE MATTERS

In 2011 the Canola Council represented the industry's views on **several international accords and regulations** affecting our access to key markets, including:

- // The European Union's Renewable Energy Directive
- // The Canada-EU Comprehensive Economic and Trade Agreement
- // The U.S. Environmental Protection Agency's Renewable Fuel Standards
- // Doha Round multilateral trade negotiations
- // The need for Canada to resume free trade talks with South Korea
- // The Action Plan of the Canada-U.S. Regulatory Cooperation Council
- // The Comprehensive Economic Partnership Agreement with India

CONSTRUCTIVE RESOLUTIONS TO TRADE ISSUES

The Canola Council continues to work closely with **China** to address trade issues related to blackleg. A joint research project is helping both countries better understand blackleg and mitigate its transfer to the Chinese crop.

Another important pillar of our approach is the **Export Ready** program, which reaches out to Canadian farmers with information about food safety and phytosanitary issues affecting market access.

The Canola Council addresses broader issues as part of the **Canadian Agri-Food Trade Alliance**.



MOMENTUM IN MARKET ACCESS

// **JOINT ACTION PLAN** FOR THE CANADA/U.S. REGULATORY COOPERATION COUNCIL RECOGNIZED THE IMPORTANCE OF ALIGNING FOOD SAFETY AND PLANT PROTECTION REGULATION FOR EFFECTIVE ACCESS TO OUR LARGEST MARKET.

// **U.S. BIODIESEL MARKET** REOPENED TO CANADIAN CANOLA WHEN THE U.S. ENVIRONMENTAL PROTECTION AGENCY APPROVED CANADA'S PETITION TO USE THE AGGREGATE APPROACH FOR APPROVAL OF CANADIAN FEEDSTOCKS.

// **CAIRNS GROUP MINISTERIAL MEETING** IN SASKATOON WAS AN IMPORTANT OPPORTUNITY TO SHOW INTERNATIONAL LEADERSHIP IN SCIENCE-BASED REGULATION AND IN REGULATION OF LOW-LEVEL PRESENCE OF GENETICALLY MODIFIED MATERIALS IN AGRICULTURAL COMMODITIES.

// **THE CANADIAN AND JAPANESE INDUSTRY** LED CONSULTATIONS TO KEEP THIS IMPORTANT TRADING PARTNER APPRISED OF DEVELOPMENTS INFLUENCING CANOLA TRADE.

QUALITY IS GROWING

PROFIT IS ABOUT MORE THAN YIELD. TO SQUEEZE EVERY DOLLAR OUT OF CANOLA, THE INDUSTRY PAYS CAREFUL ATTENTION TO QUALITY AT EVERY STAGE – FROM SEED DEVELOPMENT TO SEED STORAGE.

IMPROVING OIL CONTENT AND QUALITY

An important 2015 goal is to increase the value of canola by raising the volume of oil in each seed. Increasing oil content by just one percent could add \$90 million in extra value to the Canadian crushing and extraction industry.

The Canola Council helps raise the bar through the **Western Canada Canola/Rapeseed Recommending Committee**, the industry-wide group that recommends new cultivars for registration. The organization influences the industry's breeding objectives by reviewing oil and meal quality and identifying opportunities for improvement.

IMPROVING MEAL ENERGY

Pound for pound, more than 55 percent of canola is meal. That's why the Canola Council is a strong supporter of research to increase the inclusion rate of canola meal in swine and poultry feeds. Our goal is a 10 percent increase in poultry metabolizable energy by 2015.

Through the **Science Cluster**, the Canola Council channels funding into studies of how genetics, processing and dietary enzymes can push canola energy values higher. In 2011, as these studies moved into the second phase, our 2015 goal was within view.

REDUCING LOSSES AND MAINTAINING EXPORT STANDARDS

Canola Council **agronomists** and information services like **Canola Watch** provide timely information to help farmers get maximum value from their crops. These efforts continue year-round, helping farmers achieve high yields and uniform maturity, reduce pod shatter and dockage at harvest and then store canola safely in the bin.

These services also remind growers to heed pre-harvest intervals for pesticides and monitor stored canola regularly so we can maintain our high quality standards.

MOMENTUM IN QUALITY IMPROVEMENT

- // **6.82% INCREASE IN SEED OIL CONTENT** ACHIEVED SINCE 2002.
- // **10-15% INCREASE IN MEAL ENERGY VALUE** IS BEING PURSUED BY RESEARCHERS THROUGH A COMBINATION OF LOWER FIBRE CONTENT, DIETARY ENZYMES AND FURTHER PROCESSING TECHNOLOGY.
- // **HIGHER INCLUSION RATES IN SWINE DIETS** ARE POSSIBLE WITH NEW VARIETIES, SCIENCE CLUSTER RESEARCH HAS SHOWN.

UNDERSTANDING IS GROWING

OUR INDUSTRY GROWS BEST IN A NURTURING ENVIRONMENT, WITH INFORMED SUPPORTERS WHO UNDERSTAND OUR CHALLENGES AND APPRECIATE OUR VALUE.

WE REACH OUT TO EVERYONE WITH A STAKE IN OUR INDUSTRY, HELPING THEM MAKE SOUND DECISIONS BASED ON ACCURATE AND TIMELY INFORMATION.

TELLING CANADIANS WHY CANOLA MATTERS

In 2011 we released a new **economic impact report** showing canola's annual contribution to the Canadian economy. The report shows our impact has grown to \$15.4 billion – 10 percent more than when it was last measured. The industry now generates 228,000 Canadian jobs and \$8.22 billion in wages.

FOCUSING ON AGRONOMIC INFORMATION

In 2011, Crop Production staff interacted with thousands of growers, researchers and industry contacts through **meetings, trade shows and tours**. Hundreds of **radio, TV and print stories** included their comments on production concerns.

Our communication program continued to place **greater emphasis on agronomic content**, issuing more news releases on critical topics during the growing season. The Canola Watch e-newsletter moved to year-round publication, delivering agronomic news to subscribers 30 times during 2011. Canola Watch also adopted a more concise, smartphone-friendly format that meets growers' needs for just-in-time information.

KEEPING THE INDUSTRY INFORMED

Our **annual conference** in Saskatoon marked the first time in many years that the event was held within Canada. The conference drew the highest attendance in more than a decade.

The **Canola Ink** industry e-newsletter continued to communicate the latest developments in canola oil promotion. Four issues of **Canola Digest** reached 43,000 growers with news about every aspect of canola production and marketing.

REACHING OUT TO GOVERNMENTS

The Canola Council seized every opportunity to make the industry's views heard at all levels.

Following the **federal election**, ministers and key opposition party critics were briefed on canola issues. The e-newsletter **Canola Clipboard** continued to keep Members of Parliament and senior public servants informed about issues affecting the industry.

We held our annual **Canola Market Access Plan Senior Working Group** meeting in Ottawa to discuss next steps with federal officials. We also appeared before the House of Commons Agriculture Committee to outline views on **Growing Forward 2**, the new multi-year agriculture policy framework under development. During an outreach day in Victoria, we met with ministers and senior public servants to discuss the canola industry's **strategic plan, trade and biodiesel issues**.

Throughout the year, we maintained constant contact with foreign nations' trade offices, Agriculture and Agri-Food Canada, Foreign Affairs and International Trade, the Canadian Food Inspection Agency and many other departments.

MOMENTUM IN COMMUNICATION AND OUTREACH

- // **BILL C-474 REJECTED**, PROTECTING OUR SCIENCE-BASED REGULATORY SYSTEM
- // **TWO NATIONAL AWARDS** BESTOWED ON CANOLA DIGEST BY THE CANADIAN AGRI-MARKETING ASSOCIATION
- // **7% MORE SUBSCRIBERS** TO CANOLA WATCH
- // **MORE GROWERS IN ATTENDANCE** AT 2011 CONVENTION
- // **88% MORE PARTICIPANTS** AT COMBINE CLINICS
- // **40% MORE NEWS RELEASES ISSUED**, WITH RENEWED EMPHASIS ON AGRONOMIC CONTENT
- // **641 ATTENDEES** AND **1,108 VIEWINGS** OF ONLINE WEBINARS



CANOLA WATCH E-NEWSLETTER



ANNUAL CONFERENCE



CANOLA DIGEST

INNOVATIVE. RESILIENT. DETERMINED TO CREATE SUPERIOR VALUE AND A HEALTHIER WORLD.



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