

RESILIENT

2015 ANNUAL REPORT





RESILIENT

[ri-**zil**-yuh nt, -**zil**-ee-uh nt]

Adjective

1. Able to recover readily from adversity or adjust easily to change.
2. Rebounding or springing back.
3. Strong, tough, adaptable, hardy.

In the field and beyond, 2015 was defined by formidable challenges and the Canadian canola industry's ability to rise above them.

With every challenge we overcome, confidence in our future grows.



RESILIENT BY DESIGN

Our entire value chain works together to make Canadian canola resilient – in the field, in the marketplace and in the global trade environment. The roadmap guiding us is *Keep it Coming 2025*, the strategic plan for the Canadian canola industry.

***Keep it Coming* concentrates on three strategic priorities:**

1. Sustainable, Reliable Supply

Through applied research and agronomy, we're aiming to sustainably and profitably increase average yields to 52 bu/acre to meet global demand for 26 MMT by 2025.

2. Differentiated Value

By demonstrating the quality of canola seed, oil and meal, we're increasing product demand and consumer loyalty in our most promising world markets.

3. Stable and Open Trade

At home and abroad, we're working with governments to promote a competitive operating environment and reliable market access.



2015 at a Glance

	2015 Results	2025 Target
Exported Seed	9.3 MMT ¹	12 MMT
Domestic Processing	7.7 MMT	14 MMT
Acres	20 million	22 million
Yield	38.0 bu/acre	52 bu/acre
Production	17.2 MMT	26 MMT
High Oleic and Specialty Oil	11% of canola acres ²	33% of canola acres
Oil Content (average of No. 1 Grade)	44.3% ³	Maintain global competitiveness in oil content (10 yr average = 44.2%)
Saturated Fat Content	6.8% ³	Global leadership position in oil saturated fat content
Meal Crude Protein Content (oil-free, 12% moisture basis)	38.9% ³	Increase protein availability by target species (10 yr average = 38.2%)

MMT= Million Metric Tonnes

All statistics are for 2015 calendar year.

1 Based on Canadian Grain Commission data

2 Industry estimate

3 Canadian Grain Commission preliminary quality report



Message from the Chairman

Someone once said that being tested isn't about feeling your weaknesses. It's about discovering your strengths. That certainly was true for the Canadian canola industry in 2015.

It was a year of 1.6 million reseeded acres, emerging pest concerns, intensifying competition and global regulatory change. But time after time, we were able to tap into the remarkable resilience that exists all through the canola value chain. By the end of 2015, growers had harvested a near-record crop and the industry was looking forward with optimism, buoyed by the world's growing appetite for canola and canola products.

Not all of these pressures were negative. In fact, one of our most demanding challenges in 2015 was ensuring that potentially game-changing trade negotiations, such as the Trans-Pacific Partnership, would provide the greatest possible benefits to our industry. The Canola Council was constantly working with those at the negotiating table to ensure your interests were heard and understood.

Whether our challenges concern agronomy, trade or new market opportunities, our resilience is rooted in this industry's willingness to work toward common goals as a team, united through the Canola Council. We know there will always be new challenges ahead – and with your support, we will continue to discover new strengths.

A handwritten signature in black ink, appearing to read 'B Conn', written in a cursive style.

Brian Conn
Chairman



Message from the President

In an industry like ours, resilience is the sum of many factors – not just the hardiness of the crop, but also the resilience of our markets, reputation, research programs and trading relationships. In 2015 the Canola Council continued to position canola for greater success in all of these areas.

As our agronomy team helped growers put new knowledge to work in the field, our marketing team was busy educating our most promising new customers about the virtues of canola. Looking forward, we continued to focus canola research and development where it will provide the most benefit to the Canadian industry. We also unleashed the power of R&D investments with tools like the Canola Research Hub, an online data warehouse that brings the latest findings to any computer screen with just a few quick mouse clicks.

Our progress reminded us of how gratifying it is to work in an industry of almost unlimited potential – in the field and in the marketplace.

As a full value chain organization, we can build on this potential in ways that would not otherwise be possible. Thank you for your continued commitment to this important partnership.

A handwritten signature in black ink, appearing to read 'P Miller', written in a cursive style.

Patti Miller
President

2015 Board of Directors



Top Row (L > R): Neil Arbuckle, Brian Chorney, Brian Conn, Conor Dobson, Dave Dzisiak, Woody Galloway, Brett Halstead

Middle Row (L > R): Michael Irons, Adrian Man, Dean McQueen, James Rea, Neil Sabourin, Greg Sears, Greg Stokke

Bottom Row (L > R): Ken Stone, Terry Youzwa

Our Core Funders





RESILIENT IN THE FIELD

Canada's near-record canola crop in 2015 was a testament to our industry's growing capacity for higher and more reliable yields, even when dealing with tough agronomic challenges. The value chain's team approach, coordinated by the Canola Council, helps us keep pace with emerging concerns and opportunities.

Creating a Shared Vision for Innovation

In 2015 the Canola Council continued to work with scientists, corporations and allied organizations to nurture new discoveries in areas that will keep canola competitive and provide the greatest returns to growers. To focus these efforts, the Council has developed an **Innovation Strategy** identifying gaps and opportunities in all aspects of canola research, including agronomy, oil and meal. The goal is a good balance of applied and pure research driven by private/public funding partnerships and collaboration between industry and academia.

The Council fosters international relationships to move these research efforts forward. In 2015 the Council co-chaired the **GCIRC International Rapeseed Congress**, which attracted more than 900 scientists

and industry leaders from 33 countries, as well the **Canola Discovery Forum**, which brings industry members together to set research priorities. This year's forum had sold out attendance of more than 160 delegates.

Collaborating on High-Value Research

This year marked the start of a new round of three-year projects funded by the **Canola Agronomic Research Program (CARP)**, which is cost-shared by the three provincial grower groups, with coordination by the Canola Council. The six new projects underway, valued at more than \$1.9 million in total, are focused on new clubroot pathogens, effective use of cultivar resistance against blackleg, integrated approaches for flea beetle control and the role of dormancy in seed and seedling vigour and stand establishment.



Connecting with More Growers, More Often

31% more Canola Encyclopedia visits

18% more Canola Watch visits

10% more Canola Watch subscribers

40% more Twitter followers

More than 3,000 calls and field visits with growers and retailers to provide agronomic advice

Growth in Processing

1 million more tonnes of seed
can be processed at new facilities
opened in Canada in 2015

450,000 more tonnes of oil
can be refined at new facilities
opened in Canada in 2015

13 Canadian communities now have
large-scale processing facilities

The Council also coordinates the annual **Canola Performance Trials** and the **WCC/RCC trials**, which are continually improving to better meet the needs of the industry. In 2015, nearly one-third of the 123 public co-op trials were focused on disease resistance.

For the first time, the Council invited farmers to conduct their own field-scale trials as part of the **Ultimate Canola Challenge**. Growers were provided with a field-scale trial protocol and data collection worksheets so they could capture good-quality data and learn more about interpreting results. Using this approach, every canola field could one day become a research field, supplementing data collected on demonstration plots with “on-farm” data from multiple locations.

Sharing New Knowledge

The new **Canola Research Hub**, launched at the beginning of 2015, has provided the industry with a convenient online resource for sharing and comparing this growing body of research findings. The website **www.canolaresearch.ca** presents summaries of 30 studies funded by the first Growing Forward (GF) program, 16 updates on GF2 projects and several CARP project summaries. It is complete with charts, tables, video interviews, an image gallery and links to additional resources and news articles. Four database queries are currently available.

The Council is continuing to expand the hub by adding more content, videos and queries.

PRIORITY 1: Sustainable, Reliable Supply



Customizing Advice and Information

In 2015 the Canola Council moved toward a **more site-specific communication approach** so that growers can more readily transform agronomic advice into profitable decisions and a more sustainable industry. The aim is to deliver the right information to the right growers at the right time, based on their individual growing conditions, practices and risks.

The Council laid the groundwork for this transition by working with Agriculture and Agri-Food Canada (AAFC) to identify canola production practices, average yields and variability for each landscape unit. Work is also underway to apply a risk-reward principle for various production practices based on productivity zone and to determine yield limiting abiotic and biotic factors in target geographies. This analysis will help the Council customize recommendations for specific areas, rather than providing general advice that may not be equally applicable to every farm.

The Council is now putting this targeted approach into action. For example, the **Canola Watch** digital news service is now customized for different provinces, with content tailored to the top agronomic issues in each region. Alerts can be customized by postal code as needed, and subscribers can specify their agronomy region to allow for further

refinements. The new design of the Canola Watch home page also makes it easier for readers to zero in on topics of interest.

Keeping Pace with Production Risks

As new disease and pest concerns arise, the Canola Council's agronomy team rallies the industry to mitigate risks through every means available, including research, prevention and management practices.

In 2015, the focus on **clubroot** was intense as new pathogens showed signs of overcoming resistant varieties and new areas reported the presence of infected plants. The Council and Clubroot Steering Committee hosted information sessions on clubroot control, identified gaps in research and explored new mitigation strategies, such as resistance screening and fumigation.

Verticillium wilt emerged as a new concern when the species was found in a canola field – the first time it had been spotted in a North American oilseed crop. The Council took action to evaluate prevalence and develop a management strategy in partnership with the Verticillium Wilt Steering Committee, which is chaired by the Canadian Food Inspection Agency and includes representatives from AAFC, provincial government and grower organizations.



Rebounding from Challenges in 2015



Widespread frost in late May forced farmers to reseed 1.6 million canola acres in 2015.¹ Growers also faced drought, excessive rain, emerging pest problems, uneven stands and early fall frosts, leading to more complex decisions for management throughout the growing season.

But when the seed was in the bin, growers had produced Canada's second biggest canola crop ever, with the second highest annual yield on record. Quality was good as well, with 91% of the crop grading as Canola, No. 1 Canada.²

Canola Council agronomists were busy helping the industry make smart decisions about these immediate challenges and longer-term concerns. In total, they reached 40,000 people through direct agronomic advice and extension activities, and had 1,500 interactions with media and researchers in 2015.

¹ Based on provincial crop insurance estimates

² Canadian Grain Commission preliminary quality report

The agronomy team also collaborated with the research community on **swede midge** biology, occurrence and risk. Regional insect traps monitored populations of midge, as well as **diamondback moth** and **bertha armyworm**.

Encouraging Sustainable Success

In addition to immediate agronomic concerns, the Canola Council deals with big-picture issues that ensure a competitive environment for sustainable growth.

In 2015 the Council initiated an **AgroEcological Conservation Working Group** with relevant stakeholders with the aim of maximizing beneficial insects and biodiversity in canola crops. The Council was also an active member of the **Canadian Roundtable for Sustainable Crops**, including the steering committee, technical committee, communications committee and new pilot project committee, which is developing a set of sustainability indicators for Canadian crops.

The Council also plays a leading role in efforts to maintain a healthy population of **pollinators**, which are essential to the canola industry. In 2015 the Council was a member of the Canadian Bee Health Roundtable, and provided technical support to the industry-led Bees Matter initiative and the international Honeybee Health Coalition.



The Canola Research Hub (above) is a new online tool connecting the industry to the latest findings. Canola Watch (right) provides timely agronomic advice and alerts to more subscribers every year.



RESILIENT IN THE MARKETPLACE

In 2015 the Canola Council reached out to new markets while strengthening awareness of canola's advantages among our existing customers. As markets expand and loyalty grows, our industry gains a new level of stability.

Reaching Out with Market-Specific Approaches

As we expand our market base, we follow a proven formula that is customized for market conditions and consumer preferences.

First we **identify markets with the greatest promise** – markets where the middle class is growing, along with the demand for healthier foods and efficient livestock production. Then we seek out **in-market experts** who have the knowledge and networks to reach our prospects effectively.

In 2015 we contracted new public relations agencies in South Korea and India who will adapt the **CanolaInfo** approach that continues to be successful in promoting oil usage in North America, China and Mexico. We also recruited a new representative in China, an animal nutritionist who is well-connected in the livestock industry and research communities.

In each export market, we then recruit **persuasive people to tell our story**. As spokespeople for our popular **recipe promotions**, we use well-known dietitians, chefs, cardiologists and sports nutritionists – respected professionals whose names are synonymous with delicious, healthy food. To promote canola meal, we use knowledgeable livestock nutritionists.

All of this marketing activity is informed by **consumer research**. In 2015 we delved deeper into consumer attitudes toward canola oil to fine-tune our promotions to specific market segments in the U.S., Mexico, China and Eastern Canada. For example, in the U.S. we are focusing on Hispanics and a younger audience with our media campaigns, as well as an expanded social media presence. We also conducted a study in the U.S. dairy industry to better understand perceptions and use of canola meal among producers and nutritionists, and to help guide our strategic marketing plan.



Growing Global Engagement

More than 240,000 visits to the CanolaInfo.org website

25% more Facebook fans

5.5 billion media impressions generated by 2015 promotions

Over 13,000 media stories and online posts generated by 2015 promotions

Growing Market Share

69% of U.S. dairy nutritionists surveyed have increased their use of canola meal in the last five years

3% increase in Ontario retail volume market share, 2015 vs. 2014

Growing Confidence

McDonald's stated in 2015 that it will stick with high-oleic canola oil instead of shifting to high-oleic soybean oil

The U.S. Heart Check Program selected canola as a source of liquid vegetable oil approved by the American Heart Association to carry the Heart Check symbol

83% of livestock/feed industry webinar attendees said the information presented would change the way they value canola meal in swine/poultry diets



Canola Camp brings food writers and chefs to the heart of canola country, where they learn first-hand about how canola is grown and used.

Educating Influencers

Reaching out to credible experts who can then deliver our message to end consumers allows us to market efficiently. For example, our oil promotions are mostly focused on media, culinary professionals, dietitians and health professionals.

One of the ways we reach this audience is through our annual **Canola Camp**, which expanded our international network of knowledgeable canola ambassadors to nearly 190 over the past 17 years. Our three day-long experiential learning program in 2015 attracted 12 key influencers from the U.S., Mexico, China and Canada.

We also align canola oil with organizations mandated to encourage healthy lifestyles. In 2015, a new partnership with the **World Heart Federation** culminated in activities on World Heart Day in China,



As part of our focus on the U.S. Hispanic audience, CanolaInfo launched a bilingual recipe collection of Latin-inspired "Super Sides" by Manuel Villacorta – marking our first media campaign run in both English and Spanish in the U.S.

PRIORITY 2: Differentiated Value



Cooking demonstrations and multilingual CanolaInfo websites are introducing canola oil to new customers and influencers around the world. The Canolamazing website promotes the use of canola meal in all types of livestock rations.



India and Mexico. New relationships with the **Institute of Food Science and Technology** and **Academy of Nutrition and Dietetics** in 2015 allowed us to build understanding of canola's advantages and the often-misunderstood aspects of biotechnology and food processing among an influential audience.

New Information Resources

Our **CanolaInfo.org** websites continue to play a key role in oil promotions around the world. The English language website was relaunched in 2015 with an updated look and much more functionality and flexibility. The new look was later customized for our Chinese and Spanish language websites. Visits continue to climb, driven by social media activity, recipe promotions and partnership activities.

In 2015 we rolled out new information tools on canola meal for researchers, institutions and feed formulators across the globe. The 5th edition of the **Canola Meal Feeding Guide**, a go-to resource for livestock nutritionists, contains updated nutrient profiles for canola meal and the latest research results from the Canola Science Cluster initiative and other independent studies.

We also revamped and expanded the **Canolamazing.com** website into the one-stop, go-to resource for anyone with questions about canola meal. Previously focused on dairy, the website now includes research results and information for multiple livestock species, as well as a regular **canola meal blog** to keep the audience engaged.

Collaborating on Research in China

Our market-specific approach for China includes ongoing research projects to demonstrate the superior value of canola meal under local conditions. The Council continued to develop these productive relationships in 2015.

In October, we joined Chinese academia and industry representatives at an **AAFC workshop in Sherbrooke** on canola meal related to dairy, swine and poultry. About 130 Chinese scientists also travelled to Canada for the GCIRC International Rapeseed Congress in Saskatoon.



MARKET DEVELOPMENT PRIORITIES

In Established Markets

Canada

- Increase cooking oil market share in Ontario
- Increase canola meal use for a wider range of livestock species

United States

- Intensify outreach to specific oil market segments
- Build network of key influencers focused on food, health and nutrition
- Expand meal sales beyond California to the top 10 dairy-producing states
- Capitalize on U.S. mandate for biodiesel and ban on trans fats in commercial foods

China

- Increase canola oil awareness in Shanghai and Beijing
- Build network of key influencers focused on food, health and nutrition
- Demonstrate canola meal value through in-market research

Japan

- Maintain strong relationships through twice-yearly consultation meetings
- Prepare to capitalize on new opportunities for oil resulting from the Trans-Pacific Partnership (TPP)

Mexico

- Collaborate with nutritionists, health educators and processors to promote oil's advantages

Europe

- Continue to position canola as a sustainable biodiesel feedstock

In Second-Wave Markets

South Korea

- Prepare to establish CanolaInfo oil promotion program
- Capitalize on reduced seed and oil tariffs under the Canada-Korea Free Trade Agreement

Vietnam/Thailand

- Increase researchers' and livestock industry's understanding of canola meal value
- Prepare to capitalize on new opportunities resulting from the TPP

India

- Engage food bloggers and media to build awareness of oil's health and culinary advantages

For the latest export statistics, visit
www.canolacouncil.org

RESILIENT IN THE GLOBAL TRADE ENVIRONMENT

The Canola Council continues to work with industry members and stakeholders to remove obstacles to canola's most important markets.

Canola's Voice in Trade Negotiations

During negotiation of the **Trans-Pacific Partnership (TPP)**, the largest free trade agreement in recent history, the Canola Council was involved every step of the way.

In conjunction with the Canadian Agri-Food Trade Alliance (CAFTA) and the Canadian Canola Growers Association, the Council was on site during key negotiations, helping to ensure that the TPP would eliminate canola oil tariffs in Japan and address many non-tariff trade barriers related to sanitary and phytosanitary restrictions and agricultural biotechnology.

Here in Canada, the Council also played an active role in ensuring decision-makers were fully committed to the TPP. The Council showcased the potential benefits through **#CanolaCountry**, a social media campaign featuring compelling facts about the importance of the TPP and video testimonials on personal and community impacts from growers, seed developers and processors.

The Council also informed politicians, senior officials and non-government organizations of the value of the TPP to the Canadian economy as a whole.

The conclusion of the negotiations in October 2015 was the culmination of years of work by all members of CAFTA. Combined with other Canadian trade agreements with the European Union, South Korea and Israel, the TPP offers improved market access to more than 60% of the world's economy.

Seeking More Predictable Global Standards

Some of the biggest non-tariff barriers to open trade are the differences in international tolerances for biotech traits, pesticide residues and other sanitary/phytosanitary issues related to grain movement. As a member of the International Grain Trade Coalition and the Canada Grains Council (CGC), the Canola Council has been a leading supporter of Canada's efforts to bring greater consistency to these policies around the world.



Working Together to Keep Markets Open

51% more visits to the Keep it Clean website

284% more visits to the Spray to Swath calculator

50 presentations to domestic policymakers and trade allies

11 market access missions to the U.S., China, Japan, Argentina and U.K.



The Keep it Clean website and Spray to Swath calculator provide the information growers need to meet the standards of export customers.



In 2015 the Council was an active member of the **MRL Task Force**, which was formed the previous year to advocate for science-based approaches and timelier establishment of maximum residue limits among trading partners. As part of this effort, the Council has commissioned a report on how these issues could be addressed during international trade agreement negotiations.

The Council also worked closely with other industry stakeholders to demonstrate how all nations could work toward a more predictable approach to **low-level presence of biotech traits in grain shipments**. In 2015, government and industry refined a model policy for Canada, including realistic thresholds, proactive risk assessment and other key factors. The final policy could be used in international advocacy as the model for global cooperation.



PRIORITY 3: Stable and Open Trade



Helping the Industry Meet Market Expectations

With 90% of our canola bound for export markets, it's essential that our entire value chain meet the standards of international customers. Through the Canola Council, all players sit down at the same table to work toward these requirements.

To help growers understand export standards, the Council once again conducted the **Keep it Clean awareness campaign**. Throughout the growing season, radio, retail and online promotions encouraged growers to visit the keepingitclean.ca website, where they could learn about acceptable varieties, pesticides and spray-to-swath intervals. In 2015 Cereals Canada became a partner in the Keep it Clean campaign, reinforcing visibility and key messages within the farm community.

Seed developers and crop input suppliers also play an important role in helping the industry meet export standards. The Canola Council promotes a **responsible commercialization policy** that encourages these businesses to introduce new technologies in a way that allows the value chain to meet the requirements of major canola customers. As our global customers undergo food and feed safety regulatory reform and standards become more stringent and complex, a value chain approach is more important than ever.

On behalf of processors and exporters, the Canola Council continues to monitor the **changing food and feed regulations** of international customers. In 2015 the Council worked closely with the Canadian Oilseed Processors Association (COPA) and government officials to interpret the impact of China's new food safety requirements for edible oil production, food additives, grain storage and ingredient registration. We also continue to collaborate with industry and government officials on the U.S. FDA's Food Safety Modernization Act (FSMA) to ensure the new regulations reflect the realities of food and feed manufacturing and are not restrictive to trade.

The Council also addressed the increasing need to **meet sustainability standards** of international customers, including large purchasers of biofuel feedstock. In 2015 the Council commissioned updated research on greenhouse gas emissions associated with growing Canadian canola so that the industry could maintain certification under the International Sustainability and Carbon Certification System – an essential requirement for continued access to the European biodiesel market.



Public Policy Involvement in 2015

Trade Agreements

Trans-Pacific Partnership

Canada-Korea Free Trade Agreement

Canada-Israel Free Trade Agreement

Competitive access for canola oil in Columbia

Trade Standards/Regulations

Changes to China's national food safety standards and grain law

U.S. FDA Food Safety Modernization Act (FSMA)

Maximum residue limits in global markets

Low-level presence of biotech traits

New Taiwan requirements for food safety certification

Canada-EU biotech dialogue

Sustainability certification for biofuel market

Domestic Policy

Federal review of Pest Control Products Act

Plans for Canada's new variety registration system

Impact of provincial climate change and biofuel policies

Pollinator health and pesticide regulation

Modernization of food and feed safety under Safe Foods for Canadians Act

Transition of GHGenius life cycle carbon emission model

Building Support for Industry Priorities

One of the Canola Council's key responsibilities is to help domestic decision makers understand the importance of the industry to Canadians and the support it needs to succeed. In 2015 the Council maintained ongoing communication with senior government officials and elected representatives to seek their **support for stable, open trade**, in the form of both direct intervention with trading partners and funding for market access activities.

The federal government demonstrated its confidence in the canola industry's ability to deliver results on behalf of the value chain by committing **\$9.5 million through AAFC's AgriMarketing Program**. With matching contributions from the industry, a total of \$19 million will be invested in canola market development and market access activities over a five-year period.

The Council also continued to encourage **science-based decisions** on domestic policies affecting the industry. In 2015 the Council made numerous presentations and submissions to government related to pesticide regulation, including the review of the Pest Control Products Act and the Pest Management Regulatory Agency's review of glyphosate.



INNOVATIVE. SUSTAINABLE. RESILIENT.
CREATING SUPERIOR VALUE FOR A HEALTHIER WORLD.



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