

CLEAR RESULTS

annual report

2012

2015



canolacouncil
OF CANADA

OUR GOALS

are in sight

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

THE ROAD AHEAD IS CLEAR AS WE CONTINUE TO:

INCREASE **SUSTAINABLE PRODUCTION**

INCREASE **CONSUMPTION AND VALUE**

IMPROVE **MARKET ACCESS**

IMPROVE **QUALITY**

IMPROVE **UNDERSTANDING** OF THE CANOLA INDUSTRY

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ELEMENT	2006	2012 RESULTS	2015 TARGET
PRODUCTION	9.1 MILLION MT	13.3 MILLION MT	15 MILLION MT
OIL CONTENT	42.5% AVERAGE	44.2% AVERAGE*	45% AVERAGE
CLASSIC TO DESIGNER	90/10		75/25
MEAL	2000 KCALS/KG ENERGY CONTENT (POULTRY)	2000 KCALS/KG	10% INCREASE (90% OF SOYBEAN MEAL ENERGY LEVEL)
EXPORT SEED	5.2 MILLION MT	8.3 MILLION MT	7.5 MILLION MT
CRUSH: FOOD AND BIODIESEL	3.7 MILLION MT	7.1 MILLION MT	7.5 MILLION MT

MT=METRIC TONNES

Crush volume is for 2011/12 crop year.

All other statistics are for 2012 calendar year.

* Source: Canola Oilseed Processors Association





MESSAGE FROM **THE CHAIRMAN**

The past year was a time of rejuvenation for the Canola Council of Canada. In April we welcomed a new President, Patti Miller, who brings fresh energy and perspectives to our team as we plot the future directions of the industry. Patti is backed by exceptional staff, who went above and beyond the call during this transition year.

As a new year begins, we also salute two long-time board members, Richard Wansbutter and Lach Coburn, who are retiring after many years of service. Thank you, Lach and Richard, for making such a strong contribution to the canola industry.

All members of the team did an outstanding job in 2012 during a period of much change. Our 2015 goals are now in clear sight, and we thank all of you for moving us forward.

Patrick Van Osch
Chairman



MESSAGE FROM **THE PRESIDENT**

Teamwork and a clear sense of purpose have helped this industry come a very long way in a very short time. Never are these strengths more evident than in the challenging years, like the one we have just come through.

In 2012, we saw clear progress in all areas that are important to the long term success of canola, in spite of the uncontrollable forces that are a fact of life in agriculture. We're reminded that it takes resilience and creativity to make this industry all that it can be, no matter how far we have come and how much we have achieved.

I look forward to working with all members of the industry as we continue to set the bar higher and meet future challenges through innovation. Whether you are a grower, seed developer, crusher or consumer, it's an exciting time for canola.

Patti Miller
President

2012 BOARD OF DIRECTORS



TOP ROW

NEIL ARBUCKLE
KEN CAMPBELL
BRIAN CHORNEY
LACH COBURN
BRIAN CONN
CONOR DOBSON

MIDDLE ROW

DAVE DZISIAK
WOODY GALLOWAY
IAN GRANT
TODD HAMES
JODY KLASSEN
ADRIAN MAN

BOTTOM ROW

KEN STONE
PATRICK VAN OSCH
RICHARD WANSBUTTER
SHAUN WILDMAN
TERRY YOUZWA





CLEAR RESULTS IN 2012

- » **13% MORE ACRES** OF CANOLA WERE HARVESTED IN 2012 OVER 2011, REACHING A RECORD OF 21.2 MILLION.*
- » **A 2.2 PERCENTAGE POINT INCREASE IN AVERAGE OIL CONTENT** HAS BEEN ACHIEVED SINCE 2002.**
- » **DOMESTIC CRUSH INCREASED 7%** - FROM 6.6 MILLION MT TO 7.1 MILLION MT**
- » **CANOLA WAS CANADA'S TOP REVENUE CROP** ONCE AGAIN IN 2012, GENERATING \$8.1 BILLION IN FARM CASH RECEIPTS.***
- » **39 CANOLA-FLAX AGRI-SCIENCE CLUSTER PROJECTS** EXPLORED WAYS OF MAXIMIZING YIELDS, REDUCING HARVEST LOSSES AND INCREASING THE VALUE OF MEAL AND OIL, WHILE GROWING MORE SUSTAINABLY AND PROFITABLY.

* Source: Statistics Canada

** Source: Canadian Oilseed Processors Association

*** Agriculture and Agri-Food Canada's Farm Income Forecast

CLEAR CONFIDENCE

in our ability to grow

INCREASING PRODUCTIVITY IS MORE THAN AN ECONOMIC OPPORTUNITY. IT'S A GLOBAL IMPERATIVE. THE UN FOOD AGENCY SAYS WORLD FARM PRODUCTION MUST RISE 60% BY 2050 TO MEET THE NEEDS OF A GROWING POPULATION.

IN 2012 THE CANOLA INDUSTRY SHOWED IT'S COMMITTED TO MEETING THE CHALLENGE. INNOVATION AND INVESTMENT ARE MAKING A REAL IMPACT ON PRODUCTIVITY TODAY WHILE IMPROVING OUR OUTLOOK FOR THE FUTURE.

PARTNERSHIPS ACCELERATING RESEARCH

Working as a team, the industry is finding new solutions to agronomic challenges while making the most of every research dollar. The main vehicle for cooperation is the Canola/Flax Science Cluster, which leverages public and private funding for a comprehensive research program across Western Canada. The industry and research community work together to set priorities and expedite the transfer of findings.

COORDINATED ACTION ON CLUBROOT

Clubroot research continued in 2012 under three pillars: Pathology, Disease Management, and Breeding. Several inter-related projects are building on the research of Western Canadian scientists, while helping growers take preventative measures on their farms. The research team has extensive expertise in clubroot, plant pathology, disease management and breeding.

NEW TOOLS FROM LIFE SCIENCES COMPANIES

Advances in seed technology continue to provide growers with more options to increase the profitability of the crop. Products introduced in 2012 included new seed treatments to enhance protection against seedling diseases. Two seed developers received Canadian regulatory approval for new glyphosate-tolerant canola traits that could come to market by mid-decade.

INCREASING CAPACITY TO ADD VALUE HERE AT HOME

As canola acreage increases, Canada's canola crushers and processors are keeping pace by growing at an unprecedented rate. In 2012 an expanded seed processing plant opened at Lethbridge, and plans for major new builds and expansions were announced. On the horizon are a new crush plant at Camrose, the addition of a refinery at Clavet and a 25% expansion of crush capacity at Yorkton.

CLEAR APPETITE

for canola oil's advantages

THE WORLD CONTINUES TO DISCOVER CANOLA OIL'S HEALTHY ATTRIBUTES AS A COOKING OIL AND CLEAN-BURNING FUEL. THE CANOLA COUNCIL SPREADS THE WORD AND BUILDS THE BRAND IN KEY MARKETS THROUGHOUT THE WORLD.

CANOLAINFO CAMPAIGNS SETTING NEW RECORDS

CanolaInfo, the industry's consumer information source for canola oil, generated more attention than ever in 2012. Canola oil's great taste was showcased to 1.5 billion U.S. consumers through media tours for Street Eats, Heart-Healthy Dude Food, Get Dressed for Summer and Skinny Mini Holiday Desserts recipe collections. Co-promotions with trusted organizations like the American Heart Association, Heart and Stroke Foundation, Canadian Diabetes Association positioned canola oil as part of a healthy lifestyle.

GROWING DEMAND IN A HEALTH-CONSCIOUS WORLD

Canola oil is continuing to expand its reach in international markets, where the middle class is growing and consumers are seeking out healthier food choices. In 2012, Canadian exports of canola were up 4.9%, driven mostly by strong demand from China and Mexico.

RESEARCH REVEALING MORE HEALTH BENEFITS

A study released in 2012 showed dressings containing canola oil were best at facilitating absorption of fat-soluble carotenoids, which are associated with lower risk for certain cancers, heart disease and macular degeneration.

Researchers also found further evidence of canola oil's benefits for both heart health and glucose control in people with Type 2 diabetes, and confirmed that high-oleic canola oil is just as effective as classic canola oil in lowering blood cholesterol levels. Other findings suggested that canola oil may have cancer-fighting properties.

BIODIESEL FUELING DEMAND

In 2012, Canada became the latest country to adopt a renewable biodiesel mandate at the national level. The Canola Council supports an increase in the inclusion mandate, as British Columbia has already done, to further take advantage of the environmental benefits provided by canola-based biodiesel.

U.S. biodiesel production also ignited in 2012, with canola oil being the second most-used feedstock next to soybean oil.

CLEAR RESULTS IN 2012

- » **TWICE AS MUCH CANOLA SEED** WAS IMPORTED BY CHINA – AN INCREASE TO 2.9 MILLION MT FROM 1.46 MILLION MT.
- » **41% MORE CANOLA OIL** WAS CONSUMED BY THE U.S. MARKET IN THE 2011/12 CROP YEAR, VERSUS 2008/09
- » **430 MILLION CONSUMERS** HEARD INTERVIEWS GENERATED BY THE STREET EATS MEDIA CAMPAIGN.
- » **212 MILLION AMERICANS** HEARD CANOLAINFO PUBLIC SERVICE ANNOUNCEMENTS ON THE RADIO.
- » **144,000 VISITORS** VIEWED THE AMERICAN HEART ASSOCIATION'S "FACE THE FATS" WEB PAGES.
- » **2 BILLION CUSTOMER IMPRESSIONS** WERE GENERATED BY MEDIA OUTREACH IN NORTH AMERICA AND INDIA.
- » **CANOLAINFO FACEBOOK FANS TRIPLED** - FROM 13,000 TO 36,000.
- » **A HEALTH CLAIM RELATED TO CHOLESTEROL** WAS APPROVED FOR VEGETABLE OILS CONTAINING LESS THAN 20% SATURATED FAT BY HEALTH CANADA.
- » **CELEBRITY CHEFS LIKE BOBBY FLAY** FREQUENTLY NOTED CANOLA OIL'S CULINARY ADVANTAGES.
- » **WALMART** AWARDED CANOLA OIL A "GREAT FOR YOU" LABEL.
- » **PORT MOODY** WAS AMONG THE WEST COAST PORTS CITING CANOLA OIL SALES AS THE IMPETUS FOR EXPANSION PLANS.

** Source: Oil World*

PERPETUAL

CLEAR RESULTS IN 2012

- » **CANOLA MEAL EXPORTS INCREASED BY 11.2%** — FROM 3.10 MILLION MT TO 3.45 MILLION MT.
- » **90% SAID CANOLA MEAL IS AN “EXCELLENT” OR “GOOD” DAIRY FEED INGREDIENT** IN A SURVEY OF U.S. DAIRY NUTRITIONISTS.
- » **A FIVE-FOLD INCREASE IN SALES TO TONGWEI**, ONE OF THE WORLD’S LARGEST PRODUCERS OF LIVESTOCK FEED, WAS ANNOUNCED IN 2012. BY 2015, THE CHINESE COMPANY INTENDS TO PURCHASE UP TO \$300 MILLION OF CANADIAN CANOLA MEAL ANNUALLY.
- » **DIET INCLUSION RATES COULD BE FAR HIGHER THAN INDUSTRY STANDARDS** FOR WEANLING PIGS AND BOILERS, ACCORDING TO NEW RESEARCH.



CLEAR POTENTIAL

to expand meal sales

OUR 2015 GOAL OF 15 MILLION MT OF CANOLA SEED MEANS MORE THAN 8 MILLION MT OF CANOLA MEAL WILL BE AVAILABLE ANNUALLY FOR LIVESTOCK FEED. TO SEIZE THIS MARKETING OPPORTUNITY, THE CANOLA COUNCIL IS FINE-TUNING FORMULATIONS AND GATHERING NEW DATA THAT WILL BUILD ANIMAL NUTRITIONISTS' CONFIDENCE IN CANOLA MEAL. AS THE HUB OF MEAL RESEARCH, INFORMATION AND PROMOTION, WE'RE CONTINUING TO TRANSFORM CANOLA MEAL INTO A HIGH-VALUE FEED INGREDIENT, PREFERRED BY NUTRITIONISTS AND LIVESTOCK PRODUCERS AROUND THE GLOBE.

HIGH MARKS FROM DAIRY NUTRITIONISTS

To benchmark how canola meal is regarded by market influencers, the Canola Council commissioned an independent survey of U.S. dairy nutritionists. An overwhelmingly majority gave the product high ratings as a dairy feed ingredient. More than 78% said cost per unit of protein was the top attribute of canola meal, followed by rumen solubility, amino acid profile and protein concentration.

RESEARCH INCREASING CANOLA MEAL'S VALUE

Science Cluster studies are expanding our knowledge of how canola meal is metabolized by different types of livestock, and how it performs when combined with other feed ingredients and forages. This new data is helping us determine optimal least-cost feed formulations for various feeding situations.

Research suggests canola meal can be safely used at higher inclusion levels in hog and poultry diets than previously thought. These studies point the way for updated values that more accurately reflect canola's advantages while improving the profitability of livestock production.

REACHING OUT TO KEY PROSPECTS

The Council expanded meal promotions in 2012 through major events like the World Dairy Expo in Madison and the Western Nutrition Conference in Saskatoon. An interactive dairy ration calculator was added to the Council's website to underline the cost advantages.

A visit to China in December helped shape plans for expanded outreach and promotion of canola meal to the Chinese dairy industry. Positive results of feeding trials in five of the main dairy herds have led to continued use of canola meal by four of these companies.



Canola meal promotion at World Dairy Expo in Madison, Wisconsin

CLEAR RESULTS

MAJOR CANOLA BUYERS IN 2012



U.S.

CONSISTENTLY A POWERHOUSE MARKET

Number Two edible oil in the country
414,000 MT of canola seed imported
1.40 million MT of canola oil imported
Recognized by the FDA
as reducing heart disease risk
\$1.79 billion in economic activity generated

CANADA



WORLD CAPITAL OF CANOLA PRODUCTION

54% of vegetable oil
consumed comes from canola
590,000 MT of canola oil consumed
670,000 MT of canola meal consumed
\$15.4 billion in economic activity generated

MEXICO



OUR FOURTH LARGEST CUSTOMER

29% of vegetable oil
consumed comes from canola
1.44 million MT of canola seed imported
\$700 million in economic activity generated

**CONSUMPTION IS GROWING AROUND THE WORLD
BECAUSE OF SUSTAINED ATTENTION TO MARKET DEVELOPMENT,
MARKET ACCESS AND RESEARCH INTO CANOLA'S ADVANTAGES.**



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

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

CLEAR FOCUS

on pressing trade concerns

STRONG DEMAND FOR CANOLA CAN BE CLOUDED BY MARKET-DISTORTING POLICIES. THE CANOLA COUNCIL CONTINUES TO WORK WITH THE FEDERAL GOVERNMENT TO OVERCOME TRADE BARRIERS LIMITING OUR GROWTH.

POSITIVE SIGNALS FOR OPEN TRADE

In 2012 the canola industry welcomed the pursuit of trade agreements that could improve access to major markets like the European Union, Japan, China, Korea and countries in the Trans Pacific Partnership. The Canola Council participated in government-led trade missions to Japan and China as well as trade visits focused specifically on canola industry priorities.

FINDING VIABLE SOLUTIONS FOR LOW LEVEL PRESENCE

The Canola Council sees developing policies to accommodate the Low Level Presence (LLP) of biotech products as an important opportunity to improve international trade and food security. The Council supports the federal government's strong efforts to encourage global approaches that will improve the transparency and predictability of trade. In 2012, the effort brought together international regulators and industry representatives for a global meeting on LLP in Vancouver.

CLEAR RESULTS IN 2012

- » **A CANADA-CHINA MEMORANDUM OF UNDERSTANDING** WAS SIGNED ON JOINT CANOLA RESEARCH - A POSITIVE SIGNAL FOR CONTINUED ACCESS TO THE CHINESE MARKET.
- » **GROWING FORWARD 2 IS ON TRACK** TO SUPPORT THE INDUSTRY'S PRIORITIES OF INNOVATION, MARKET DEVELOPMENT AND MARKET ACCESS.
- » **CANADA SHOWED INTERNATIONAL LEADERSHIP** IN DEVELOPING SCIENCE-BASED POLICIES FOR THE LOW LEVEL PRESENCE OF BIOTECH PRODUCTS.
- » **AN AGGRESSIVE INTERNATIONAL TRADE AGENDA** IS CREATING MORE MARKET ACCESS FOR CANOLA EXPORTS.

FOCUS

CLEAR RESULTS IN 2012

- » **2.2 PERCENTAGE POINT INCREASE IN SEED OIL CONTENT** HAS BEEN ACHIEVED SINCE 2002.
- » **THE EXPORT READY CAMPAIGN** INCREASED GROWER AWARENESS OF GLOBAL CUSTOMER DEMANDS FOR RESIDUE LIMITS, REGISTERED VARIETIES AND PROPER STORAGE.
- » **TIMELY RESPONSE TO EVOLVING FOOD SAFETY REGULATIONS** WAS ENCOURAGED THROUGH THE COUNCIL'S ONGOING MONITORING AND INFORMATION SERVICES FOR CANOLA PROCESSORS AND HANDLERS.



CLEAR PROGRESS

on quality improvements

GREATER PROFITABILITY MEANS MORE THAN HIGHER YIELDS. THE INDUSTRY IS DEVELOPING SEED, OIL AND MEAL WITH HIGHER VALUE FOR BOTH THE PRODUCER AND THE CONSUMER.

MORE CHOICE FOR SPECIALTY OILS

Shelf-stable high-oleic varieties have expanded the canola industry's ability to offer a premium product with zero trans fat and a longer shelf life, using the same crop management practices on the farm. In 2012 one seed developer built on this strength by releasing a high-oleic canola oil with natural antioxidants. Another seed developer announced a new type of canola with high levels of Omega-9s.

MORE RESEARCH INTO MEAL QUALITY

Research is helping the industry learn more about how canola meal can best meet the nutritional needs of livestock. For example, studies are teaching us more about the high-energy meal value of yellow-seeded *B. napus* in weanling and broiler diets. Other studies are exploring the viability of new processing techniques, such as the production of meal fractions that would be higher in protein and lower in fiber.

QUALITY ASSURANCE FOR MEAL

In 2012 work began on a two-year canola meal quality survey of samples from 12 Canadian crushing plants. This research will determine the consistency of the nutrient profile, which could be another strong selling point when marketing canola meal for ruminant and monogastric diets.

CLEAR INSIGHTS

into our challenges and potential

KNOWLEDGE IS A POWERFUL TOOL FOR EVERY STAKEHOLDER IN THE INDUSTRY – FROM FARMERS SEEKING GREATER PROFITABILITY, TO POLICY-MAKERS SEEKING SUSTAINABLE ECONOMIC GROWTH. ONE OF THE CANOLA COUNCIL'S MOST IMPORTANT TASKS IS TO MAKE SURE THESE GROUPS HAVE THE INFORMATION THEY NEED FOR SOUND DECISION-MAKING.

IMPROVING THE FLOW OF INFORMATION TO GROWERS

In 2012 the Canola Council introduced a number of new tools to help growers face production challenges.

Additional online resources included webinars, videos on clubroot and flea beetles, and the Canola Variety Selection tool. Using data from the 2012 Canola Performance Trials, the interactive tool provides a convenient and comprehensive means of comparing variety performance.

Enhancements to the CanolaWatch online newsletter included “photo quiz of the week,” videos to demonstrate agronomic tips and greater use of photos for diagnostics. Agronomists kept the conversation going between each edition by harnessing the power of Twitter.

One of the most popular new events was CanoLAB 3-D, launched by the Council and the Alberta Canola Producers Commission in cooperation with the University of Alberta and Enjoy Centre. **CanoLAB** improved diagnostic skills by offering an up-close look at plants under different forms of stress and different forms of treatment at multiple stages.

Canola Galla, held at the clubroot nursery at Brooks, Alberta, provided canola growers and agronomists with the chance to see clubroot first-hand and learn a wide variety of tips for diagnosing clubroot at all stages.

At the Canola Storage Clinic, growers had the opportunity to hear presentations by researchers and see live demonstrations of storage equipment and best practices. The event was held in Brandon in partnership with the Manitoba Canola Growers Association. All presentations were videotaped for later viewing on the Council's YouTube site.

KEEPING GOVERNMENTS INFORMED

The Canola Council maintains ongoing contact with officials from federal and provincial departments, ministries and agencies that work on areas of interest to the canola industry. This sharing of information encourages a sound understanding of the industry's impact, priorities and challenges.

In 2012 Council representatives met with dozens of Members of Parliament, Senators and Members of provincial Legislative Assemblies. Activities included presentations to Senate and House of Commons committees, targeted outreach on key priorities, a joint outreach day with the Canadian Canola Growers Association and outreach with allies at the Canadian Agri-food Trade Alliance.

The Council also worked closely with senior government officials through the Canola Market Access Plan senior government working group.

CLEAR RESULTS IN 2012

- » **NATIONAL AWARDS** WERE EARNED BY CANOLA DIGEST MAGAZINE AND THE EXPORT READY CAMPAIGN.
- » **1,000 MORE SUBSCRIBERS** TAPPED INTO CANOLA WATCH, THE COUNCIL'S ONLINE AGRONOMY INFORMATION SERVICE.
- » **CANOLA WATCH ADDED A MONTHLY WINTER VERSION** TO HIGHLIGHT EVENTS AND PROVIDE MORE DEPTH ON ISSUES COVERED DURING THE GROWING SEASON.
- » **CANOLAB SOLD OUT QUICKLY**, INDICATING STRONG DEMAND.
- » **TWITTER FOLLOWERS TRIPLED** FOR @CANOLAWATCH – GROWING FROM FEWER THAN 300 TO MORE THAN 1,000.



CANOLAWATCH ON TWITTER



CANOLAWATCH E-NEWSLETTER



CANOLA DIGEST





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