



MARKET ACCESS FOR THE FUTURE



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EXECUTIVE SUMMARY

Market access is critical for the Canadian canola industry. With more than 85 per cent of production exported in the form of seed, oil or meal, the canola industry provides jobs and economic growth to communities across the country because of international market opportunities – contributing \$15.4 billion to the Canadian economy each year. With so much of the industry earning its returns from international markets, ensuring competitive and stable market access is essential for continued prosperity from Canada’s most valuable crop. Free and stable market access is also essential for Canadian exporters to continue providing a stable and high quality supply of canola to international customers.

Working toward more predictable and increased market access has been the focus of the Canola Market Access Plan – a joint effort of the Canola Council of Canada and the Government of Canada. This interim report outlines the Long-Term Global Strategy for canola market access and provides an overview of successful efforts so far, priorities for the industry

as well as a strategic vision for how the Canadian industry and government can best organize and engage for future market access success. Effective cooperation and coordination between and among government and industry has been critical to achieving market access for canola.

MARKET ACCESS SUCCESSES

A coordinated and strategic effort by the canola industry and the Government of Canada to maintain and improve market access through the Canola Market Access Plan has resulted in access to markets worth more than \$2.3 billion in 2012 – markets that continue to grow. Serving the demand of importers according to predictable science-based rules in an environment that is free of trade barriers has helped Canadian exporters and importing customers.

Building Blackleg Understanding – Maintaining a \$1.8 billion market: In 2009/2010, concerns in China about canola seed testing positive for the presence of a common Canadian fungus referred to as blackleg led to an emergency quarantine order. Exports dropped dramatically until the Canadian industry and government collectively worked to build understanding and implement provisional measures mitigating the potential risk. Constant communication at multiple levels of government and a focused

effort to coordinate research and share information were key elements of success. As a result, more than 2.9 million tonnes of canola seed worth more than \$1.8 billion was exported to approved Chinese destinations in 2012.

Providing a Sustainable Feedstock – Accessing markets worth \$500 million:

Biodiesel production to reduce greenhouse gas emissions is a significant market for canola oil in the United States and the European Union. Domestic policies in both markets prevented biodiesel producers from using Canadian canola oil. For the European market, the Canola Council coordinated industry and government efforts to attain sustainability certification. In the United States, the government and industry collaborated to provide evidence and successfully petitioned for Canadian canola to be an approved feedstock.

PRIORITIES FOR CONTINUED SUCCESS

Through analysis and consultation with government and members of the canola value chain, the Canola Council has prioritized and refined the key market access challenges facing the industry. Reflecting four areas of interest, these priorities include:

Tariffs: In a world with high food costs, tariffs make food more expensive in importing countries. Eliminating tariffs that tax Canada's canola exports will allow canola to compete fairly with other oilseeds and allow equal access for seed, oil and meal. This is especially relevant for oil in Europe, seed and oil in China, oil in Japan and oil in Korea.

Innovation and Biotechnology: Born of innovation, Canadian canola prospers as an industry that gains its competitive advantage from innovation. The regulation of biotech products or new innovations should be based in science and not restrict market access. Working for synchronous international approval of new biotech traits, joint recognition of risk assessments for new technologies and effective policies to accommodate the growing risk and uncertainty linked to the low level presence of biotech traits approved in at least one market are important priorities to facilitate trade and encourage innovation.

STRATEGIES FOR SUCCESS

Efficient and effective engagement to improve market access for the canola industry has been achieved through a clear organization of responsibilities, cooperation and a common commitment from both industry and government; this model should continue. Resolving specific market access challenges may incorporate research, information sharing, advocacy and stakeholder collaboration.

To achieve success, the long-term strategy must involve the following:

Mutual Commitment: Aligned commitment of industry and government forms the backbone of successful market access efforts. Commitment from the Ministers of Agriculture and Agri-Food Canada and International Trade, senior leadership within the Market Access Secretariat, government representatives of canola growing provinces and officials within various departments, embassies and agencies has been instrumental to improve market access. Industry must similarly demonstrate its commitment to be an effective partner for government to accomplish mutual goals.

Organized Engagement: Focused energy and resources require that both industry and government are organized for success. Being closest to market opportunities and challenges best positions industry to identify and prioritize market access issues. Through the Canola Council, efforts and resources of the canola value chain can be focused to achieve market access meaningful for canola's success. Similarly, the Market Access Secretariat within Agriculture and Agri-Food Canada is an effective coordinating body for the Government of Canada – bringing together policy intelligence, expertise and commitment from across the departments of Foreign Affairs and International Trade, the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada and Health Canada.

Sanitary and Phytosanitary (SPS): Predictable science-based regulations designed to protect plant, animal and human health are essential for stable market access. Access to the Chinese market uninhibited by the presence of blackleg, food safety regulations that assure health and safety while promoting access and facilitating trade as well as aligning maximum residue levels for pesticides in key markets are SPS market access priorities.

Sustainability: Policies designed to ensure that biofuels feedstock are produced sustainably can impose market access barriers when they are designed for domestic production but also apply to imports. Similarly, sustainability standards imposed by customers can become market access barriers when they are not coordinated or are not informed by industry best practices. Going forward, maintaining and improving market access will involve working toward an international methodology to determine sustainability, monitoring policy development in the U.S. and Europe and ensuring that the environmentally sustainable practices of the Canadian industry are recognized.

Coordinated Cooperation: Government and industry both have crucial roles in addressing market access issues as a variety of expertise, knowledge and competencies are required. Roles and initiatives across government and industry must be coordinated to achieve success. Experience has shown that cooperation and coordination among and between industry and government is essential to maintain and improve market access. This is especially true for the industry's efforts – where innovation, market development and market access are all part of a cohesive plan for success. Innovation enables improved productivity and profitability, creating additional production that requires stable and increased market access, requiring markets to be developed to attain the maximum value for the Canadian industry. Strategically coordinating market access efforts with investments in innovation and market development continues to be an effective strategy for success.

Canola has grown into an industry with a significant \$15.4 billion impact on the Canadian economy each year as a competitive exporter. Maintaining and growing this prosperity will depend on successfully overcoming future market access challenges to enable the industry to continue earning returns from international markets. Government and industry will jointly enable canola's contribution to jobs and growth through committed, organized and coordinated engagement in market access.

THE CANOLA INDUSTRY

Developed in Canada by researchers from Agriculture and Agri-Food Canada and the University of Manitoba, canola is truly a “made in Canada” crop. Fueled by innovation, the canola industry has grown into an economic engine contributing over \$15.4 billion¹ annually to the Canadian economy – garnering returns for Canada with exports accounting for more than 85 per cent of sales. **Canola is also Canada’s most valuable crop, generating over \$7.3 billion in farm cash receipts in 2011.**

THE EVOLUTION OF CANOLA

Canola belongs to the *Brassicaceae* plant family whose oil and protein meal producing members are often referred to as rapeseed. Rapeseed production became established in Canada following the Second World War. Advances in processing techniques then enabled the extraction of edible rapeseed oil. By the mid 1970s, Canadian plant breeders evolved rapeseed into the canola we know today. Traditional plant breeding techniques were used to remove the anti-nutritive components erucic acid and glucosinolates, making the plant’s oil and meal valuable for human and animal consumption.

First registered in the late 1970s, “canola” is now the internationally recognized term for the oil, meal, protein extractions, seed and seed hulls from or of varieties with no more than two per cent erucic acid in the oil and less than 30 micromoles of glucosinolates in the meal. Canola oil is considered one of the healthiest and most popular cooking oils in the world, while canola meal is widely recognized as a premium feed protein source.

Decades after the development of the first low erucic acid rapeseed variety, Canada’s canola industry continues to innovate. A growing share of canola acres is being devoted to the production of specialty varieties developed to meet specific market needs. This includes canola that provides high stability oil for frying and does not require hydrogenation, along with ultra-low saturated fat and omega-3 enhanced canola. Agronomic advances such as the introduction of herbicide tolerance have allowed farmers to increase their adoption of conservation tillage and significantly reduce fuel consumption. On the horizon are new varieties that will enhance agriculture’s response to climate change and further reduce its environmental footprint.

INDUSTRY OVERVIEW

Canada is the world’s largest single producer of canola, generating nearly 25 per cent of the world’s supply of canola/rapeseed and representing more than 65 per cent of the global trade. Canadian canola is grown by approximately 43,000 farmers, with the majority grown in the provinces of Alberta, Saskatchewan and Manitoba.

Within Canada, canola is retained for use as seed or feed or sold to local crushing plants that process the seed into oil and meal. These products are then sold to further processors in Canada or exported around the world. The Canadian crushing industry consists of 13 crushing and refining/packaging plants owned by five companies, with a combined annual crushing capacity of approximately eight million tonnes of canola seed.

The majority of canola is delivered to domestic and export markets through Western Canada’s licensed elevator system. The primary elevator system is comprised of 314 large,

high-throughput facilities with a combined storage capacity of 5.4 million tonnes and an annual handling capacity of 32 million tonnes. Terminal elevators at the Ports of Vancouver, Prince Rupert and Thunder Bay move Canadian grain to export markets. Typically grain that arrives at terminal position has already been inspected, cleaned and graded at the primary elevator. Most grain travels an average of 1,400 km from primary to terminal elevator, usually by rail.

¹ Source of economic impact statistics: 2011, LMC International Ltd, The Economic Impact of Canadian Grown Canola and its Products on the Canadian Economy

INDUSTRY VISION AND ORGANIZATION

The success of the canola industry is linked to the private sector's ability to drive innovation and its willingness to work together as value chain partners toward a single coordinated vision. With the private sector cooperating to drive the agenda, the industry has continued to innovate by investing in research – improving overall productivity and increasing returns from the market. The significant investment in canola research by the private sector reflects the industry's strength in allocating resources to areas of greatest opportunity. It's a strength that has been harnessed to coordinate the three pillars of industry-wide effort: innovation, market access and market development. Innovation improves productivity and profitability and increases sustainable production. Market access provides the opportunity to export

this production to the most valuable international markets. Market development efforts maximize the value attained from sales to markets with demand potential.

The government's role in the sector has been clearly defined and continues to be essential to the industry's success. As a partner in the original creation of canola from rapeseed, the government's involvement has evolved to play a fundamental role by supporting industry-driven research, market development and market access priorities. Capitalizing on growing global demand for healthy edible oils, the canola industry owes its success to dividing responsibilities between industry and government according to each partner's greatest strengths.



Cooperation between private sector members of the canola value chain has been crucial to complementing decisions made by individual firms and the support provided by government. By coordinating all members of the value chain that have a mutual interest in canola's success through the Canola Council of Canada, the industry has been able to focus energy and resources for the greatest benefit. Canola growers, seed developers, life science companies, grain handling companies, exporters, crushers and food and feed manufacturers,

all links in the canola value chain, are members of the Canola Council. The Canola Council is a national, non-profit, stakeholder-supported association whose mission is to enhance the canola industry's ability to profitably produce and supply seed, oil and meal products that offer superior value to customers throughout the world. Core funding for the Council comes from a volunteer levy paid by canola growers, seed developers, life science companies, crushers and exporters.

ECONOMIC IMPACT

The growing market for canola products coupled with the improved agronomic qualities of modern canola varieties has resulted in a major expansion of the canola acreage and industry in Canada. Far from its modest beginnings, the industry continues to break records. In 2012, over 21 million acres of canola were harvested and over 14 million tonnes of seed were produced. Meanwhile, combined exports of canola seed, oil and meal over the year exceeded 14 million tonnes, surpassing the previous annual average of 13 million tonnes. As a result of this growth, canola now adds more than \$15.4 billion annually to Canada's

economy. Employment is a significant spinoff, with the canola industry generating over 228,000 jobs across primary production, handling and transportation, crushing, refining and food development, manufacturing and service.

Considered one of Canadian agriculture's greatest success stories, the canola industry is well on track to achieve the targets of Canola. Growing Great 2015 is the Canola Council of Canada's industry-wide strategy for creating 15 million tonnes of sustained market demand and production by 2015.

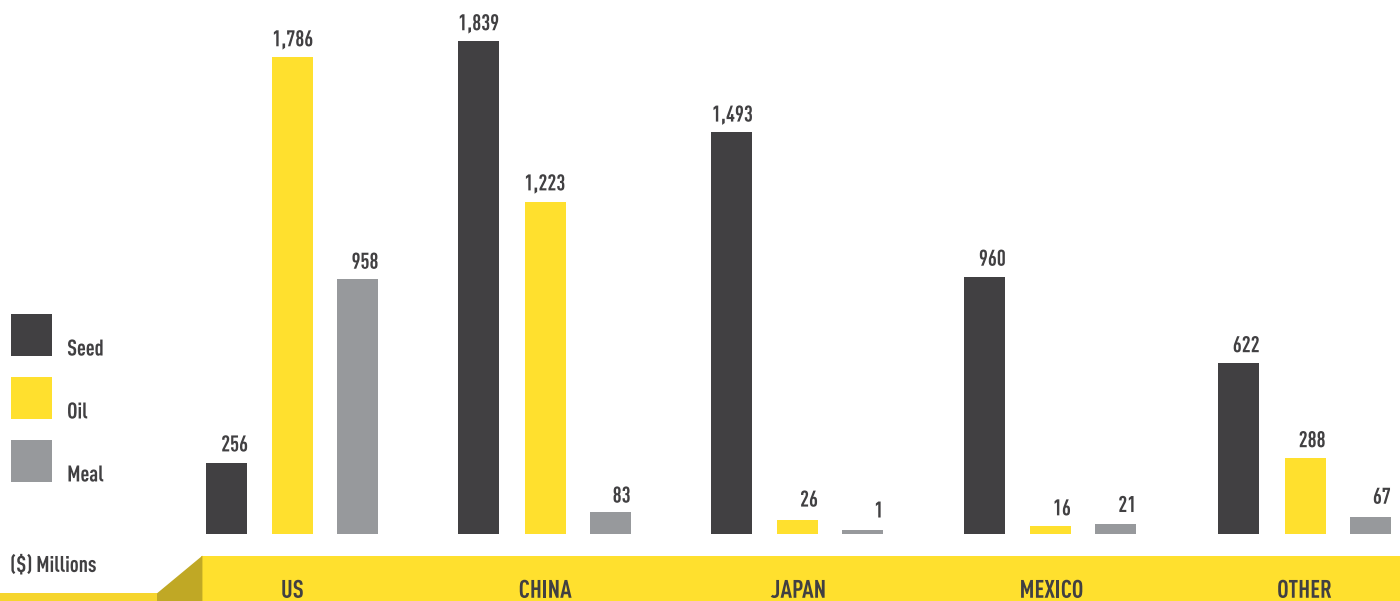
IMPORTANCE OF MARKET ACCESS TO THE CANOLA INDUSTRY

As an industry based on the principles of competitive advantage driven by innovation, efficiency and coordination, market access is critical to the industry's ability to obtain value from the marketplace – not from protectionist policies or government subsidies. **For the canola industry, effective market access means being free to sell canola without tariff or non-tariff trade barriers.** Having free and fair access to a variety of international markets is important for the canola industry to maximize the value attained from our exports and provide resiliency should circumstances change.

Effective global market access allows Canadian exporters to sell canola seed, oil and meal to the international market that returns the highest possible value. The greater the value attained by canola exports, the greater the benefit to the canola industry, growers and

the Canadian economy. Effective global market access also takes into account that market conditions change constantly – requiring effective access to more than just current markets and constant vigilance to ensure markets are maintained.

2012 CANOLA EXPORTS



Adapted from Canadian International Merchandise Trade Database

Maintaining and expanding access to international markets is critical for the Canadian canola industry as it relies on global markets, exporting over 85 per cent of the annual canola crop in the form of seed, oil and meal to 55 countries around the world in 2011. Despite the reach of canola, a relatively small number of markets account for the majority of Canada's canola exports. Chief among these are the United States, Japan, Mexico and China – together accounting for approximately 90 per cent of Canadian exports². As a result, it is especially important to the canola industry that access to these markets is maintained in addition to gaining access to new markets. The following highlights speak to the economic significance of Canadian canola's most important export markets³.

The United States is a valuable market for Canadian canola, importing almost 1.4 million tonnes of canola oil in 2012. Meal accounted for the largest volume of imports, at 2.89 million tonnes, while oil contributed the highest value at \$1.79 billion.

Japan is a long-standing customer of the Canadian canola industry and the most consistent buyer of Canadian canola seed, importing 2.3 million tonnes worth just over \$1.5 billion in 2012.

China is the largest vegetable oil consumer in the world and a consistent buyer of Canadian canola. In 2012, China imported 4.23 million tonnes of canola and canola products worth approximately \$3.1 billion. This included seed, oil and meal.

Mexico is Canada's fourth largest canola customer and another consistent buyer of seed. At 1.54 million tonnes, seed accounted for the bulk of Mexico's 2012 imports, worth \$980 million.

² \$8.6 billion of the \$9.6 billion in seed, oil and meal exports in 2012. Statistics Canada, Canadian International Merchandise Trade Database

³ Source of 2012 country-specific exports: Canadian International Merchandise Trade Database



CASE STUDY: LOSING AND REGAINING MARKET ACCESS

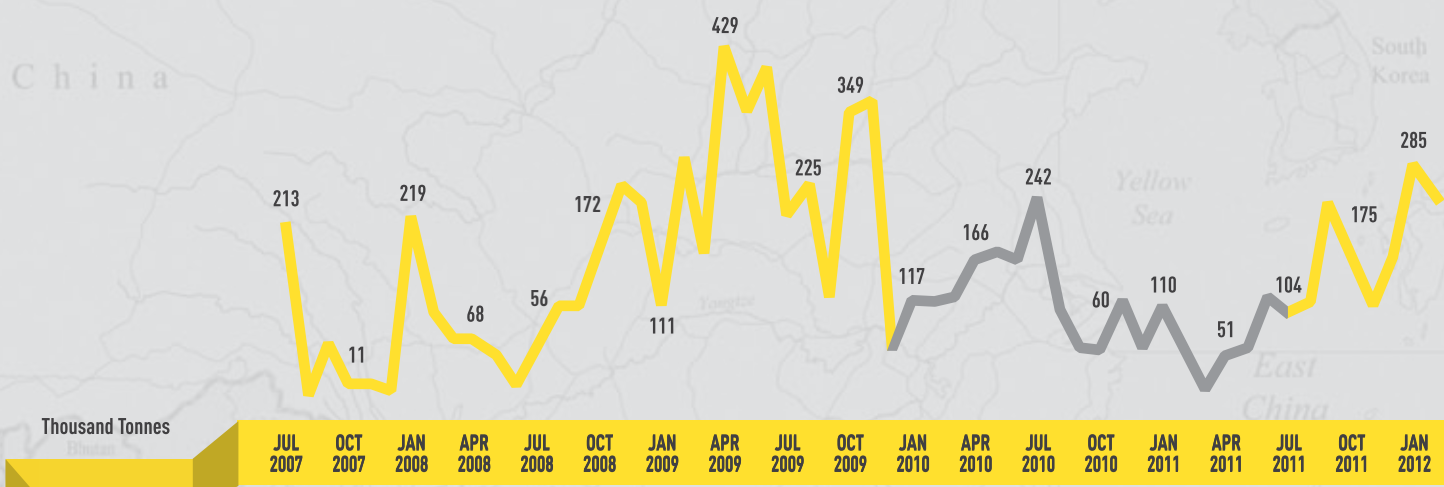
BLACKLEG RESTRICTS CHINESE SEED MARKET

Ingredients for food and feed involve a number of measures to protect the environment, domestic agricultural production as well as human and animal health. Canola seed, oil and meal are subject to numerous testing protocols to meet sanitary and phytosanitary standards in international markets. When concerns arise, sanitary and phytosanitary standards can limit market access until the importing country is confident in the safety of the imported products.

In 2009/2010, concerns in China about canola seed testing positive for the presence of *Leptosphaeria maculans* (commonly referred to as “blackleg”) led to an emergency quarantine order. Blackleg is a fungal disease which can reduce canola yields and the Chinese authorities were concerned that it would affect their domestic production. It is present throughout Canada’s crop, meaning that the quarantine effectively banned imports from Canada.

The quarantine had a significant impact on canola seed exports, dropping from 2.2 million tonnes in 2009/2010 crop year to 0.9 million tonnes in 2010/2011. Throughout the 2009/2010 crop year exports were limited to two crushing locations approved by China to receive blackleg-positive canola. This period of reduced market access is shown by the grey section in the graph below.

MONTHLY CANOLA SEED EXPORTS TO CHINA



Once the concern was identified, Agriculture and Agri-Food Canada with support from the Canadian Food Inspection Agency rapidly mobilized and assessed the information used by China to arrive at its conclusions. Within days, representatives from AAFC’s Market Access Secretariat travelled to China to negotiate a transitional arrangement as more research was carried out. The Canola Council subsequently worked closely with the Secretariat and CFIA to carry out an effective research program that met the needs of Chinese regulators.

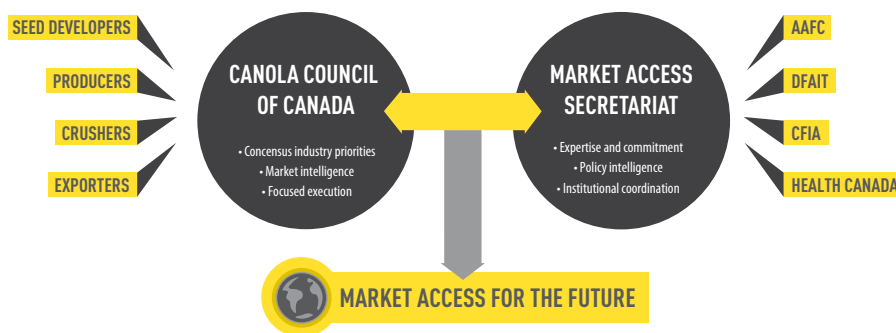
Constant communication at multiple levels of government was a key component to success – including support at the highest levels with the Prime Minister of Canada present at the signing of the Memorandum of Understanding on blackleg research.

As a result of a focused effort to coordinate research and share information about blackleg by Canadian industry, politicians and government officials, several crushing plants were approved by Chinese regulators to accept imports of Canadian canola in July 2011. Export volumes have since increased, though with delivery still restricted to coastal plants, it is not an open market environment.

The Canola Council continues to coordinate research on ways to mitigate the risk of blackleg being transferred to Chinese rapeseed crops. Once Chinese authorities are confident that blackleg on imported seed for crushing from Canada does not pose a significant risk, full market access should return.

MARKET ACCESS: ORGANIZED ENGAGEMENT

In a world without trade barriers, industry would be free to export canola to the highest value markets with confidence. However, when consumer, business, environmental and political interests come together, transactions can become much more complicated – requiring governments to establish domestic and international trade policies. Though industry is best positioned to understand market opportunities and customer concerns, once political choices and priorities lead to trade policy decisions then governments become the means by which to establish, negotiate and resolve trade relations between countries. Maintaining and growing market access involves the interface between commerce and political/policy choices – requiring cooperation and coordination between industry and government.



CASE STUDY: ATTAINING MARKET ACCESS

MEETING SUSTAINABILITY REQUIREMENTS

When the U.S. Environmental Protection Agency (EPA) introduced feedstock guidelines for its Renewable Fuel Standards (RFS2) in February 2010, Canadian canola was effectively excluded from being a feedstock to make biodiesel – preventing access for canola to this large market. In cooperation with officials at both Agriculture and Agri-Food Canada and the Canadian embassy in Washington, the Canola Council employed a multidisciplinary approach to address aspects of the guidelines that prevented market access for canola.

Partnership was essential. Draft regulations published by the EPA in December 2010 providing for an aggregate land use methodology for foreign feedstock compliance required a concerted effort by both industry and government to prepare an effective response. Specialized expertise supported through the Canola Market Access Plan enabled the canola industry to contribute detailed and convincing evidence to the Government of Canada's response. The petition went out for public comment and no negative comments were submitted to the EPA.

Achieving success was aided greatly by engaging experts on the ground and working closely with the Market Access Secretariat at Agriculture and Agri-Food Canada. Another key element in this success was working with U.S. stakeholders, such as the U.S. canola growers through the Northern Canola Growers Association. Coordinating industry, providing the necessary information to government and working cooperatively allowed Canadian canola to qualify as a sustainable feedstock under the RFS – a sizable market demanding the equivalent of approximately 750,000 tonnes of canola seed per year (worth more than \$400 million).



CASE STUDY: LIMITED MARKET ACCESS

TARIFFS DISADVANTAGE CANOLA

One example of where canola is at a disadvantage compared to other oilseeds is in China – soybeans attract a three per cent tariff whereas canola attracts a nine per cent tariff. This difference renders canola less competitive and, at times, blocks access to the market. Chinese oilseed crushers are price sensitive and will switch from canola to soybeans based on price. The tariff differential made canola approximately \$34 per tonne more expensive than soybeans for Chinese crushers in 2011. Without the discriminatory tariff on canola, crushers would demand more canola as it would be price competitive with soybeans more often.

Removing the differential tariff would significantly benefit the Canadian canola industry. Based on the amount of seed exported into China during 2012 at average prices, the tariff differential on canola meant that Canadian canola was essentially taxed \$110 million more than the equivalent amount of soybeans imported to China – reducing the amount of canola sold and limiting returns to Canadian industry from this market. At tariff parity, more canola would be exported into China – benefiting Canadian producers even more by providing a larger market. China's policy of differential tariffs hurts Canadian producers and exporters.

The Canola Market Access Plan illustrates an effective model to bring industry and government together to reduce and eliminate market access barriers for canola. The diagram shows how the Canola Council of Canada and its vertically integrated structure acts as the nexus for industry coordination with government on market access by providing consensus-driven industry priorities, market intelligence and focused execution. It is able to bring together senior staff from across Canada's canola supply chain (e.g. grain handling companies, exporters, crushers, processors, life sciences companies) as well as foreign purchasers of canola oil, meal and seed. Similarly, the Market Access Secretariat

within Agriculture and Agri-Food Canada is the coordinating body for the Government of Canada – bringing together policy intelligence, expertise and commitment from across the departments of Foreign Affairs and International Trade, the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada and Health Canada. Having engaged and properly resourced industry and government partners enables effective responses to urgent market access issues and promotes strategic long-term planning – CMAP has enabled industry to be an effective partner to address market access issues.

OVERVIEW OF THE CANOLA MARKET ACCESS PLAN 2015

In 2009, in response to a global recession, the failure of the WTO Doha round negotiations and concerns about protectionism, there was a growing recognition that a proactive approach to market access was needed to protect and advance Canada's export interests. As a result, Agriculture and Agri-Food Canada (AAFC) and the Canola Council invested in the Canola Market Access Plan (CMAP) to develop a long-term strategy for maintaining and increasing access to current and potential canola markets. Funded through AAFC's Agricultural Flexibility Fund, as part of the federal government's Economic Action Plan to create jobs and economic growth, the CMAP has succeeded by maintaining or growing access to markets worth over \$2.3 billion in 2012 – markets whose value continues to grow each year. The CMAP encompasses the following initiatives:

A Long-term Global Strategy, which identifies the key global markets for Canadian canola and market access barriers to be overcome. This strategy identifies priority market access issues to be addressed, roles and responsibilities for both government and industry, a Rapid Response Plan that maps out a joint industry/government protocol for when a market access issue arises suddenly as well as:

Country-specific Market Access Plans, which outline the economic importance and potential of key export markets for Canadian canola, along with specific objectives and targeted strategies for ensuring secure, long-term market access for each.

A Communications and Outreach Strategy, which helps growers understand market access issues, what government and industry are doing to address these issues and their role in ensuring their crops are "export ready".

CANOLA COUNCIL OF CANADA'S COMPLETION OF THE CMAP

Implementing the CMAP has required a variety of efforts including information gathering, analysis, engagement, outreach and coordination. Elements of the Canola Market Access Plan completed are outlined below:

ACTIVITY 1

A long-term global strategy for canola market access

This document embodies the long-term global strategy to address all major and potential markets for canola seed, oil and meal. During the formation of the strategy, potential new market opportunities for seed, oil and meal in countries were assessed and shared with industry. The long-term global strategy includes sections on each of the four main market access barriers including tariffs, sanitary and phytosanitary requirements, biotechnology and sustainability.

Stakeholder working groups were used to analyze and endorse the strategy's direction and priorities, determine effective ways to educate government staff and trade representatives on key market access issues, align activities of departments and industry to common objectives and set priority for sub-working groups to work on specific market access issues. These consultations included senior representatives from the canola industry and government.

A Rapid Response Plan was developed. The joint industry/government protocol for dealing with market access issues provides a model for other Canadian commodity associations.

ACTIVITIES 2-7

Country-specific market access plans for China, the European Union, the United States, Japan, Mexico and Canada

This long-term global strategy document contains country-specific market access plans for each of the target countries. These plans are based on market studies, identify potential non-trade barriers for market entry and outline plans to maintain and grow market access through actions in each country.

ACTIVITY 8

Communications and outreach

Virtual Country Portfolios were developed containing canola trade statistics, market demographics and trends, barriers/opportunities for canola products.

A proactive and integrated communications strategy was implemented to align grower practices with the demands of export customers in the areas of biotechnology and SPS requirements. Areas of focus included maximum residue levels, de-registered varieties and proper storage practices.

Canola growers, governments and foreign markets were informed of the development and implementation of the Long-Term Global Strategy and country-specific plans through an integrated communications strategy.

HORIZONTAL MARKET ACCESS ISSUES

The most challenging factors impeding market access are restrictions in importing countries. While government to government negotiations have reduced some tariffs in key markets, new non-tariff barriers are emerging at an increasing rate. Canada's canola industry is uniquely susceptible to these types of market access challenges.

This section discusses four horizontal issues that limit the potential for Canadian canola exporters to profit from international markets. Listed below, these issues are limiting or have the potential to limit access in multiple markets.

- **Tariffs**, the original market access battleground, are still being imposed by some countries in an effort to limit imports of grain and thereby shield domestic industry from foreign competition.
- **Innovation and Biotechnology**, despite its many benefits, has become an international political hotbed as countries work to develop compatible approval processes and practical regulatory guidelines.
- **Sanitary and Phytosanitary (SPS)** issues are on the rise, as importing countries strive to protect human, animal and plant health from risks linked to pesticide use, insects, plant diseases and weeds.
- **Sustainability** is an increasingly important factor in securing market access with more countries incorporating environmental and societal objectives into agricultural trade policy.

Following are descriptions of each issue, along with examples of measures being taken to address the issue and plans for maintaining or increasing market access in affected markets going forward.

\$ TARIFFS

ISSUE OVERVIEW

Historically, canola has performed strongly in markets with zero or low tariffs, which translates into increased economic benefits to Canada. Tariffs essentially deny the opportunity for exporting industries to prosper from innovation and competitive business practices. The Canola Council of Canada's trade policy objectives support the elimination of tariffs, ensuring that tariffs on canola products are similar to competitor oils and oilseeds as well as eliminating tariff escalation that imposes higher tariffs on further process products — discouraging value-added exports.

Multi-lateral agreements, because of their comprehensive scope and inclusive nature, are the Canola Council's preferred vehicle for enabling agricultural trade reform. As such, the Canola Council endorses the World Trade Organization (WTO) as the central international forum for negotiating trade rules and processes between nations. With the most recent Doha Round WTO negotiations failing to produce desired results in the area of tariff reduction, Canada's participation in the Trans-Pacific Partnership negotiations offers the opportunity to liberalize trade in one of its most important market areas — the Asia-Pacific region.

PROGRESS AND MAJOR SUCCESSES

- Coordinated industry provided the Government of Canada a clear mandate for seeking reduced tariffs in free trade negotiations with Japan, the European Union, India, Thailand and the Trans-Pacific Partnership countries
- Communicated the importance of equal tariff treatment for canola in South Korea — resulting in continued applied tariffs for crude canola oil that were equal to competing oils, at the same time eliminating discriminatory tariffs on refined canola oil
- Monitored applied tariffs in priority markets and communicated them regularly to exporters
- Communicated the importance of tariff free environment to growers and industry

Along with multi-lateral agreements, the Canola Council actively supports the negotiation of bi-lateral trade agreements between Canada and other nations as a way to address tariff and non-tariff barriers. Such agreements must be consistent with WTO guidelines and incorporate effective dispute resolution mechanisms. Further, as part of its bi-lateral trade agenda, Canada must ensure that the canola industry's efforts to secure market access for canola and canola products are not compromised by trade policy and bi-lateral agreements between other nations. The ultimate goal is to create a global trading environment in which Canada is not disadvantaged relative to other exporting nations.

In recent years, the Government of Canada has focused its FTA agenda on significant economies. This is welcome and strategic for expanding Canadian exports and should continue. As outlined earlier, government-to-government negotiation, diplomacy and free trade agreements are essential to improving international trade opportunities and a legitimate and valued role played by government. It's evident that this should be a key focus of government going forward — to continue to be able to profit from Canadian innovation and competitive business practices, Canada needs to be more effective at achieving meaningful free trade agreements.

BEST PRACTICES

Success in reducing tariffs is achieved primarily through free trade negotiations between governments – either bi-lateral or multi-lateral. As a result, the canola industry is best served by supporting the Government of Canada's free trade negotiations and working with importers in other countries to raise support for lower tariffs within the countries with which Canada is negotiating.

Success has also been achieved by the Government of Canada engaging governments bi-laterally on tariffs of specific concern. Working cooperatively with embassy and diplomatic staff as well as importers with an interest in lower tariffs in the market of interest, the Canola Council has succeeded in reducing applied tariffs.

OUTSTANDING ISSUES

Canada is blessed with an excellent public service and highly skilled trade negotiators. To accommodate the volume of bi-lateral and regional trade negotiations currently underway as well as future negotiations, there remains **a need for more well-trained trade negotiators.**

Priority tariffs to be reduced include:

- European Union – eliminate oil tariffs.
- China – achieve parity with other oilseeds and lower oil tariffs to be consistent with the tariff on seed.
- Japan – lower/eliminate oil tariff.
- Thailand – eliminate meal and oil tariffs. Eliminating the oil tariff would achieve parity with soy.
- Vietnam – eliminate meal tariff.
- Indonesia – eliminate meal tariff.

PLAN FORWARD

- Continue to liaise with industry members annually to assess priorities
- Communicate regularly with Canadian trade negotiators as well as officials in Agriculture and Agri-Food Canada and the Department of Foreign Affairs and International Trade to inform them of priority tariffs.
- Regularly inform trade and agriculture ministers as well as relevant MPs of priority markets for canola.
- Provide public support for trade agreements and developments valuable for canola.

To support the government's ambitious free trade negotiation agenda, the CMAP enabled the Canola Council to act as a catalyst to bring the industry's unified voice to government – informing government of potential effects of reducing tariffs and identifying priorities to best allocate scarce negotiating resources.

To extend the reach of the canola industry, the Canola Council worked with agricultural allies also seeking tariff reduction through the Canadian Agri-Food Trade Alliance. Working with CAFTA allies the CMAP enabled the canola industry to communicate our position to a broader audience in Canada and abroad. One example of this international outreach included numerous outreach to European decision makers to inform them of the importance of a CETA deal that eliminated tariffs on canola. Working with allies also helped to make the best use of senior political and bureaucratic representatives' time and provided for streamlined communications.

- Korea – eliminate tariffs on oil to keep pace with competitive oils and other bi-lateral trade agreements held by Korea, retaining low applied tariffs.
- India – lower tariffs on refined oil and seed.
- Simplify application: In certain markets, such as Japan, tariffs are applied on a specific rate basis. To provide greater certainty and consistency, negotiations on tariffs should always strive to apply all tariffs on an ad valorem basis.

Eliminate differential export taxes: In certain markets, exports of raw product are taxed at a much higher rate than processed products. In effect, this subsidizes the domestic processing industry and distorts the world market for vegetable oils. In negotiation with countries such as Malaysia in the context of TPP, these should be eliminated.

Simple and clear rules of origin: Negotiation of tariff reductions should be accompanied by efforts to seek clear rules of origin, similar to those contained in the NAFTA.

- Work with the CAFTA to support ongoing and future bi-lateral and regional trade negotiations including the European Union, the Trans-Pacific Partnership, India, Korea, Japan and China.
- Work with canola exporters and Korean importers for the maintenance of low applied tariffs on crude/refined oil. In addition, work with industry to inform the Korean government of the domestic benefit from restarting free trade negotiations.
- Provide public support for adequate resources to support effective trade negotiators and diplomats within the Government of Canada.

ISSUE OVERVIEW

Canola's story is one of innovation. From the research that created it to the development of high oleic oils to modern biotechnology, innovation has been embraced as a way to increase the competitiveness of the industry – resulting in greater returns for the country and all members of the supply chain. Advancements achieved through biotechnology such as better weed control and simplified agronomic practices are an important example of the innovation that has allowed canola to prosper.

Canadian canola growers have been early adopters of biotechnology-derived or genetically modified (GM) canola since the commercialization of the first herbicide-tolerant variety in the mid-1990s. Nearly all of the canola grown in Canada is from biotech varieties, a key technology that contributes to the competitiveness of the Canadian industry in the international marketplace. Many countries regulate the trade of GM crops and products and the Canadian canola industry pays close attention to regulatory requirements of import markets to ensure compliance. However, excessive and non-science based regulations can block the competitive advantage that the Canadian industry garners from innovation. As a matter of principle, Canada should seek to have sovereignty over factors influencing its success — such as innovation — and not be hindered by foreign policies lacking sound scientific grounding. For example, continued private investment in genetic improvement contributes to the competitiveness of the entire Canadian canola industry, but private investment depends on timely and predictable approval processes. Globally, canola is a relatively small crop compared to others such as corn, soybeans and cotton. An uncertain introduction environment for new canola varieties could mean that investment could be redirected to other crops and jurisdictions, hurting the competitiveness of the Canadian industry. This means that promoting innovation is not just about domestic policies; market access is a factor as well.

Despite their benefits, global acceptance and approvals of GM products have varied. The U.S., Brazil, Argentina, India and Canada have significant adoption whereas many European countries have been slow to adopt while others impose moratoria on the cultivation of GM

crops. This variability is also evident in biotechnology regulatory systems – timelines for regulatory approvals of new biotech traits/events and the duration of authorizations often differ. In some cases these decision processes are based on political criteria rather than science-based health and safety criteria. Variability and unpredictability of approvals around the globe often creates asynchronous approval of new biotech traits/events among major trading countries. Traits can be approved for cultivation in a major grain exporting nation without being approved for consumption in a major grain importing country.

In a global trading environment with asynchronous approvals, there is increased risk that GM crops with traits not yet approved in the destination country will be detected at low levels in international shipments – a scenario referred to as Low Level Presence (LLP). This issue is of particular concern where a country has adopted a zero tolerance policy for GM events it has not approved; the shipment in question could be considered non-compliant, detained with demurrage and potentially redirected to another destination or destroyed. The economic implications of such trade disruptions are significant for both seller and buyer. Given the risks associated with a situation such as this, exporters may choose to simply not sell to that market, reducing returns for growers and the entire industry of the exporting country.

Once a new biotechnology trait is commercialized and enters the international grain handling system, it will co-mingle with other grain. With modern detection equipment, it is not possible to fully and completely segregate crops. Due to this fact, technology developers withhold traits from the marketplace until they are approved by all major markets regulating them.

The role of innovation for the continued growth and profitability of the Canadian canola industry cannot be overstated. Therefore, it is the canola industry's firm position that science-based regulatory systems for biotechnology are essential for the timely adoption of valuable crop production technology and an international policy on the commercially acceptable Low Level Presence of biotechnology is essential for trading confidence.

PROGRESS AND MAJOR SUCCESSES

- Coordinated industry to provide the Government of Canada a clear mandate for seeking reduced tariffs in free trade negotiations with Japan, the European Union, India, Thailand and the Trans-Pacific Partnership countries
- Communicated the importance of equal tariff treatment for canola in South Korea – resulting in continued applied tariffs for crude canola oil that were equal to competing

- oils, at the same time eliminating discriminatory tariffs on refined canola oil
- Monitored applied tariffs in priority markets and communicated them regularly to exporters
- Communicated the importance of tariff free environment to growers and industry

BEST PRACTICES

Successes in biotechnology were achieved by coordinating industry stakeholders such as the seed developer members of the Canola Council, life science industry associations such as Crop Life and importer associations such as COCERAL – the EU trade association representing the grain trade. By coordinating industry stakeholders and speaking with a united voice to both Canadian and European political, official and diplomatic representatives, the Canola Council was able to clearly articulate how market access could be improved. The CMAP enabled the canola industry to collaborate with a wide group of stakeholders, aligning perspectives and reducing barriers to success. Working with the Canadian flax industry on unapproved events was also a key strategy to align perspectives.

International collaboration with members of the grain trade to amplify the impact of the canola sector and increase global awareness of biotechnology related regulatory issues. Working with allied stakeholders from other countries through the International Grain Trade Coalition has proven to be an effective way to build momentum for policies that accommodate a low level presence of biotech products.

OUTSTANDING ISSUES

Built-in delay for approval of biotech traits in China (requiring approval in the exporting country before starting the Chinese process).

Slow approvals in the European Union because of a process that can stray from science-based risk assessment and can be delayed by political manoeuvring.

Labelling and importing regulations in India and Korea that lack transparency and predictability.

PLAN FORWARD

- Work with allied partners in Korea, such as Crop Life International, to achieve transparent and science-based regulations governing the importation of living modified organisms.
- Support efforts by member companies to clarify labelling regulations in India.
- Ensure that the effective and efficient regulation of biotech products as a means to reduce non-tariff barriers is incorporated into bi-lateral and regional trade negotiations (e.g. the European Union, Trans-Pacific Partnership and China). Key goals of this effort would be to encourage regulatory cooperation and attain mutual recognition of risk assessments and synchronous approval of biotech traits.
- Support and actively contribute to the Government of Canada's efforts to establish a Canadian policy for LLP – providing an example of effective policy that importing nations can follow.
- Work with allies such as the International Grain Trade Coalition and international industry representatives to support the Government of Canada's efforts aimed at the international adoption of LLP policies.
- Continually monitor the status of current authorizations for GM traits in key export markets, assisting the owners of these traits in fulfilling their stewardship responsibilities.



SANITARY AND PHYTOSANITARY ISSUES

ISSUE OVERVIEW

Sanitary and phytosanitary (SPS) measures are intended to protect human, animal and plant health. They include import requirements around potential concerns as insects, food-borne pathogens (e.g. salmonella), plant diseases and weed seeds as well as maximum residue limits (MRLs) for pesticides. According to the WTO SPS Agreement, measures should be based on recognized international standards (e.g. Codex, IPPC) as well as scientific evidence and risk assessment. The agreement recognizes that governments have the right to apply SPS measures, but only to the extent necessary to protect human, animal or plant life or health. Importantly, the agreement serves as an international mechanism for determining whether SPS measures are being employed to address genuine risks or to protect domestic industry from foreign competition.

As international trade in agriculture and food products increases, countries are increasingly concerned about protecting their domestic agriculture production from risks such as invasive

species. At the same time consumers are increasingly concerned about practices in exporting countries that may compromise food safety such as adding melamine to milk products. As a result, SPS issues are becoming more prevalent. Increasingly the Canadian canola industry is dealing with barriers to trade in the form of regulations governing food and environmental safety. While such provisions can ensure the safety of the food supply and environment within Canada and importing countries, it's important that these measures support an open, unencumbered and predictable international trade environment for canola and canola products. Specific areas in which the Canola Council of Canada is advocating change on behalf of industry include the pursuit of international, transparent, science-based policies and regulations for protecting human, animal and plant health, the alignment of SPS standards globally and the harmonization of pesticide MRLs among trading partners.

PROGRESS AND MAJOR SUCCESSES

- Commissioned, coordinated and communicated research on blackleg to help importing countries better understand potential risks. As part of this work, the Canola Council also facilitated dialogues between Canadian and Chinese regulators on blackleg to increase understanding.
- As a result of efforts by the Canola Council and the Government of Canada, access to China for canola seed has been maintained and a greater number of Chinese ports have been approved to receive canola.
- Access for canola meal to the U.S. market was regained following import restrictions due to the presence of salmonella. The Canola Council was able to provide technical assistance through CMAP.
- Proactive work to standardize maximum residue levels for pesticides was carried out to prevent market access issues with major trading partners.

BEST PRACTICES

With the blackleg issue in China, a key factor of success is the close working relationship between the Market Access Secretariat and the Canola Council. Active communication between and coordination of government departments and industry players enabled the issue to be handled efficiently and with the appropriate sensitivity.

Another key factor in resolving the blackleg dispute is the alignment of Canadian industry, government officials and high level political representatives. Resources provided by the

OUTSTANDING ISSUES

Full and stable access to the Chinese market uninhibited by the presence of blackleg.

Ongoing modernization of food safety regulations in China, the U.S. and Canada – ensuring that measures assure health and safety while promoting access and facilitating trade.

Ongoing monitoring of pesticide maximum residue levels in key markets to align standards and eliminate differences that create export risk.

PLAN FORWARD

- Communicate the importance of cooperation to government and industry – preparing to respond to threats that are likely to emerge rapidly.
- Complete ongoing blackleg research and work closely with the Canadian government to share knowledge with Chinese regulators about mitigating any potential risk associated with blackleg.
- Actively engage in the policy making process for food safety modernization in the US, Canada and China – helping both government and industry arrive at the most effective and efficient ways to achieve health and safety that facilitate a transparent and predictable trading environment.
- Ensure bi-lateral and regional trade agreements seek to create transparency and alignment of SPS standards and guidelines where practical (i.e. Japan, TPP,

CMAP enabled the Canola Council to play a lead role in ensuring all stakeholders understood the importance of resolving the issue. Combining research, diplomacy, policy expertise and commercial relations was instrumental in working with the Chinese to address their concerns. This alignment also allowed the industry and government to quickly marshal resources, a key factor of success.

Development of international **standards that provide a transparent and predictable trading environment** – including the potential for more guidance on the application of existing SPS standards or for an International Plant Protection Convention standard for the movement of grain if gaps are identified.

the EU, India and Thailand). Agreements should also strive for timely dispute settlement mechanisms for SPS issues.

- Work cooperatively with other industry groups to improve the process of establishing international MRLs for pesticide residues through the CODEX Alimentarius Commission.
- Actively monitor and coordinate with Government of Canada officials on changes to testing requirements of importing markets – to provide industry timely notification and clarification where necessary.
- Actively participate in Canadian and international negotiations to develop through the International Plant Protection Convention best phytosanitary management guidelines and, if gaps are identified, a new international phytosanitary grain standard.



SUSTAINABILITY

ISSUE OVERVIEW

Sustainable production has become a significant new dynamic in maintaining and growing market access. Increasingly, importing countries are factoring in environmental considerations when formulating national trade policy. Consumers are also increasingly interested in the sustainability of the products they purchase. While they have the potential to benefit exporters, restrictions or criteria applied to ensure sustainability can also function as market access barriers. In some instances, they are tools for protecting uncompetitive agri-industrial sectors.

A key example of a sustainability issue the canola industry has devoted resources to is the European Union's Renewable Energy Directive (RED). The RED mandates the use of renewable fuels in all member states, requiring 10 per cent renewable content in all transportation fuel by 2020. The directive further aims to ensure the use of sustainable biofuels. Specifically, the biofuels must meet minimum targets for the reduction of greenhouse gas (GHG) emissions, while the feed stocks used to develop the biofuels must be produced in a sustainable manner – both in the EU and countries exporting to the EU. Factors considered in evaluating sustainability include water pollution, air pollution, soil degradation, workers' conditions and

the protection of biodiversity as well as animal habitats and species – all issues for which Canada has a host of existing laws and policies.

In addition to the RED, Canadian canola is impacted by the Renewable Fuel Standard (RFS) program, which established the first renewable fuel volume mandate in the United States. Under the Energy Independence and Security Act (EISA) of 2007, the RFS program was expanded in several key ways:

- The RFS (RFS2) program now includes diesel in addition to gasoline;
- The volume of renewable fuel required to be blended into transportation fuel was increased from nine billion gallons in 2008 to 36 billion gallons by 2022;
- New categories of renewable fuel were established along with separate volume requirements for each; and
- Lifecycle greenhouse gas performance threshold standards were applied to ensure that each category of renewable fuel emits fewer greenhouse gases than the petroleum fuel it replaces.

There is also an increasing interest from consumers and retailers in the sustainability of production practices. Manufacturers such as Unilever as well as major retailers such as Wal-Mart are developing their own sustainability requirements. For the canola industry, it's important that canola production practices are recognized under these systems to give consumers confidence that canola products are produced sustainably.

Canadian canola scores well when measured against major sustainability standards. For example, according to research commissioned by the Canola Council⁴ canola biodiesel

PROGRESS AND MAJOR SUCCESSES

- Obtained access to the EU biodiesel market by coordinating industry efforts to jointly adopt the International Sustainability and Carbon Certification's (ISCC) voluntary certification. Under the RED, biofuels feedstock must be certified as sustainable according to a recognized scheme. The ISCC was chosen by the canola industry as the most appropriate. With standard criteria for all Canadian exports, it will be simpler for growers to comply with requirements regardless of which grain handler/exporter/crusher they deal with.

BEST PRACTICES

By taking a lead role with sustainability certification in the EU, the Canola Council was able to encourage the Canadian industry to use a single certification scheme recognized by the EU. Success was achieved because the Council was able to bring together various industry players and form a consensus about which scheme was most appropriate. Key to this success was providing the right information to industry representatives and facilitating the discussion across the industry.

OUTSTANDING ISSUES

Potential to recognize domestic environmental policies for the European Union's RED – possibility of bi-lateral agreement for the US/Canada

Lack of a standardized international methodology to determine sustainability that can be used across platforms and markets

PLAN FORWARD

- Work closely with government officials to monitor developments related to the recognition of domestic policies to meet EU requirements.
- Contribute to the global effort to define sustainability for the international trade of grain through the International Grain Trade Coalition.

reduces lifecycle greenhouse gas emissions by 90 per cent compared to fossil diesel fuel. Further, the use of innovative crop varieties combined with the promotion of sustainable production practices has resulted in a significant increase in the adoption of direct seeding and conservation tillage, marked improvements in soil nutrient management and a reduction in summer fallow. The canola industry seeks a consensus on sustainability standards that protect the environment and facilitate trade. This consensus would recognize effective and existing laws for sustainability elements such as labour standards and conservation measures.

- Achieved eligibility for canola to be used as a biodiesel feedstock under the RFS II in the U.S. by ensuring that Canadian practices were recognized as sustainable by the U.S. Environmental Protection Agency. This allowed Canadian canola access to the U.S. biodiesel market.

In the US, the Canola Council achieved success by engaging experts on the ground and working closely with the Market Access Secretariat. By coordinating the industry and providing the necessary information to government, the Government of Canada successfully petitioned the U.S. Environmental Protection Agency to allow canola to qualify under the RFS. Another key element in this success was working with U.S. stakeholders, such as the U.S. canola growers through the Northern Canola Growers Association.

Ongoing re-evaluation of the European Union's RED, specifically the formation of a policy to incorporate Indirect Land Use Change (ILUC) when calculating the greenhouse gas reduction potential for biofuels using life cycle analysis

- Continue to refine methodology and update data for calculating greenhouse gas emissions from canola-based biodiesel using life cycle analysis as policies and production practices change.
- Maintain vigilant monitoring to identify emerging market access issues and assess their potential impacts – including the EU ILUC policy process.

⁴ 2010, "Lifecycle Analysis Canola Biodiesel" (2010) (S&T)2 Consultants Inc. Available at: <http://canolacouncil.org>

COUNTRY SPECIFIC MARKET ACCESS

★ CHINA

At 1.3 billion people, China is not only the world's most populous country but also its largest consumer of vegetable oil (28 million tonnes in 2011)⁵. Currently the second largest economy in the world, China is expected to displace the U.S. as the world's largest economy within the next 20 years. While it ranks first in worldwide farm output (including rapeseed production by country), China has become a net importer of agricultural products due to the size of its population and limited availability of farmland and water.

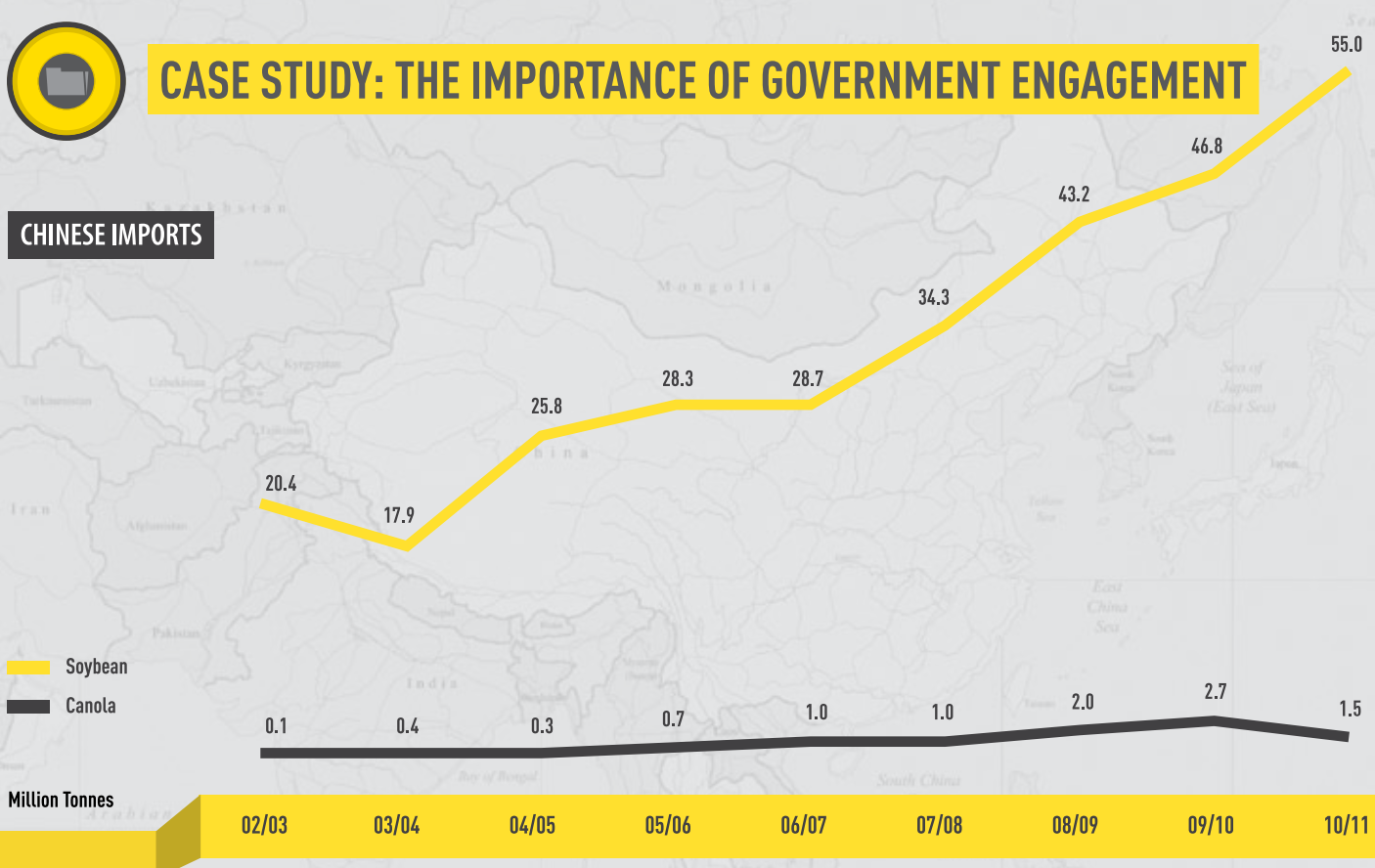
China is currently Canada's second largest two-way trading partner after the U.S. and the third largest export market for Canadian agri-food products. In 2011, the value of Canadian agri-food exports to China exceeded \$2.7 billion, up slightly from 2010. Canola seed, canola oil and canola meal were among the top five agri-food exports, ranking first, second and fourth, respectively⁶.

Not surprisingly, China is one of the Canadian canola industry's most important customers. In 2012, China imported 4.23 million tonnes of canola seed, oil and meal worth \$3.1 billion, making it Canada's highest value market. Seed accounted for 2.93 million tonnes and \$1.84 billion of sales, followed by oil (1 million tonnes for \$1.22 billion) and meal (303,000 tonnes for \$83 million)⁷.



CASE STUDY: THE IMPORTANCE OF GOVERNMENT ENGAGEMENT

CHINESE IMPORTS



When China joined the WTO in 2001, the conditions of its accession were such that soybean tariffs were set at three per cent whereas other oilseeds like canola were set at nine per cent. In effect, this gave soybeans preferential access to the Chinese market. As Chinese demand for protein and vegetable oil has grown in recent years, imports of oilseeds and vegetable oil have increased substantially – though this increase has not been consistent across oilseeds. Aided by their tariff advantage, soybean imports to China have nearly tripled to almost 60 million tonnes, whereas canola imports have been much more modest.

These results indicate the importance of governments being actively involved in promoting market access at every opportunity. Were canola to have obtained similar tariff treatment to soybeans, it is likely that it would have benefitted much more from the growth in Chinese protein and vegetable oil demand.

⁵ 2011, Oil World

⁶ 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

⁷ 2012, Canadian International Merchandise Trade Database



China's imports of Canadian canola oil and meal have been increasing over the past few years, while seed sales have varied widely. Aware of the growth potential in all three areas, the Canadian canola industry has been working in partnership with the federal government to develop China as a predictable market with combined seed, oil and meal imports of at least two million tonnes annually.

SPECIFIC ISSUES ADDRESSED

Blackleg: While restrictions have been reduced on the number of crushing plants eligible to receive Canadian canola, delivery is still confined to coastal plants. Fortunately, imports of Canadian canola are gradually returning to pre-quarantine levels, with demand expected to remain strong due to industry-government initiatives such as the following:

- In 2009/2010, a transitional agreement, renewable annually, was negotiated to allow blackleg positive shipments to enter non-rapeseed producing areas in China. The Canola Council supported and was involved in these discussions.
- An international workshop on blackleg control strategies was held for researchers and scientists.
- The Canola Council has been coordinating and funding research through the CMAP to better understand and identify ways to prevent the transfer of blackleg to Chinese rapeseed crops. Prime Minister Stephen Harper witnessed a Memorandum of Understanding with China for joint research on blackleg in early 2012.
- Preliminary results from the research have been shared with officials from the Chinese regulatory agency – AQSIQ – and work continues on blackleg research.

Tariffs: The imposition of a nine per cent import duty on canola versus the three per cent levied on soybeans has made canola less competitive in the Chinese marketplace. Assisted by the CMAP, the Canola Council is working closely with Government of Canada officials

to highlight the potential gains from reducing canola tariffs as Canada and China look to expand their trading relationship.

Canola Meal: The Canola Council has undertaken a variety of activities to build support for the value of canola meal in China, focusing on the country's livestock feed and dairy industries. Doing so increases the domestic interest within China for stable trade conditions.

- A series of large scale demonstration trials were conducted with major dairy companies, illustrating how canola meal can replace soybean meal as a protein source, reduce costs and increase milk production by an average of one litre per cow per day.
- The CCC hosted a delegation of Chinese government and industry officials as well as a separate visit for Chinese feed manufacturer Tongwei to provide on-site education on the Canadian canola industry – building relationships key to maintaining market access.
- Trade missions to China further helped to demonstrate the value of canola meal in livestock rations and aquafeed.

Market Access Promotion: The Canola Council participated in the Minister of Agriculture and Prime Minister's mission to China in February 2012 to improve trade and market access.

CURRENT AND FUTURE CONCERNS – ACTION PLAN

- Work for an open market for canola seed through joint research on blackleg, allowing access to crushing plants throughout China.
- Recognizing the continued need for high level political involvement, the industry will support the Government of Canada's trade and diplomatic efforts in China. With better relations will come better intelligence, increased potential for advocacy and a more stable canola market. This includes coordinating communication and activities across federal government departments such as the department of Foreign Affairs and

International Trade and Agriculture and Agri-Food Canada on multi-department efforts.

- Work to achieve tariff parity for canola with competing oilseeds.
- Work with aligned industry associations and members to support improvement in the efficiency of biotech regulation such as removing the requirement for a trait to be approved in country of origin before making a submission.

MARKET IMPORTANCE

Japan is the world's third largest economy after the U.S. and China and the largest overseas market for Canadian agri-food products. A net importer of agri-food products, Japan relies on other countries to supply roughly 60 per cent of its food. Japan's dependence on agri-food imports is the result of a shortage of arable land relative to the size of its population, high domestic production costs and a decline in the number of farmers.

Japan has an estimated population of 127 million, with an annual growth rate of -0.077 per cent. Japan's birthrate is declining (there were roughly eight births per 1,000 persons in 2011)⁸ and the country's population is aging more rapidly than other nations (those aged 65 and over are expected to account for 25 per cent of all citizens by 2020⁹). Over the longer term, these factors are expected to result in a reduction in demand for food. However, Japan's aging population is also giving rise to heightened consumer health consciousness as well as demand for food products with health benefits.

Canada is Japan's fourth largest source of agri-food imports after the U.S., China and Australia. In 2011, Canada exported \$3.7 billion in agri-food products to Japan, an increase of \$717 million or 24 per cent over 2010. The top five exports were canola seed, frozen pork,

wheat, fresh pork and soybeans, with canola seed sales contributing significantly to the increase in overall value of agri-food exports in 2011¹⁰.

The Canadian canola industry values its long-standing relationship with Japan, its first and most consistent seed customer. Japan is one of Canada's largest markets for canola seed, while Canada is Japan's primary supplier of canola. Canola is the number one vegetable oil consumed in Japan, with Canadian canola holding 40 per cent of the edible oil market¹¹. In 2012, Japan imported 2.35 million tonnes of Canadian canola seed, worth almost \$1.5 billion. Including sales of oil and meal, which have decreased slightly in recent years, the total value of Japanese canola imports was \$1.5 billion¹².

SPECIFIC ISSUES ADDRESSED

Tariffs: Japan currently applies tariff to imports of canola oil. As a result, exports of Canadian canola oil to Japan have been severely limited.

- The Government of Canada identified the imbalance in tariffs in a joint study examining the merits of negotiating an economic partnership agreement.
- In March 2012, the two countries announced the start of free trade negotiations. The Canola Council is actively involved in ensuring that canola's interests are represented during the negotiation process and in the terms of the final agreement.

Maximum Residue Limits: Japan's Ministry of Health, Labour and Welfare conducts extensive tests to determine the residue levels of pesticides in canola. If the pesticide residue detected in an incoming vessel exceeds the specified Maximum Residue Level, it could cause the shipment to be discarded, re-exported or reconditioned. As part of the CMAP, the Canola Council has:

- Worked diligently to ensure that all products used commercially in the production of canola have a MRL and that growers avoid any unregistered pesticide use to ensure compliance with the "positive list." At the same time, efforts are ongoing to promote the use of science-based risk assessment processes in Japan and to achieve greater cooperation in the setting of MRLs with a view to harmonizing residue limits.

CURRENT AND FUTURE CONCERNS – ACTION PLAN

- Continued engagement in bi-lateral Economic Partnership negotiations to seek tariff parity and improve the clarity and efficiency of SPS standards such as labelling regulations and MRLs.
- Proactively work with industry stakeholders to ensure that MRLs for important agronomic tools remain aligned – for existing products, new active ingredients and new use patterns.

⁸ 2011, Central Intelligence Agency (CIA), World Factbook

⁹ 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

¹⁰ 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

¹¹ 2012, Oil World

¹² 2012, Canadian International Merchandise Trade Database

MARKET IMPORTANCE

The United States has the largest economy in the world. Home to over 313 million people, the U.S. is one of the world's wealthiest nations, with a total GDP (PPP) of US\$ 15.1 trillion in 2011¹³. It is also the largest trading nation in the world, with its top trading partners including Canada, China and Mexico. In addition to being neighbours, Canada and the U.S. are each other's chief trading partners, enjoying the most significant bi-lateral trading relationship in the world.

Canada has long been the United States' leading supplier of livestock, meat, grain mill products, bakery goods and fats and oils. Relative to international suppliers, Canadian agri-food exporters have distinct advantages in the U.S. market, including convenient shipping, a high degree of Canada-US business integration, similarities between Canadian and U.S. consumer tastes and preferences and duty-free tariff treatment for most agri-food products under the North American Free Trade Agreement.

In 2011, the total value of Canadian agri-food exports to the U.S. exceeded \$19.5 billion, an increase of \$2.0 billion or 11 per cent over 2010. The top five exports included canola oil - refined, live cattle, bakery goods, fresh boneless beef and canola oil - crude, with overall sales to the U.S. accounting for roughly 50 per cent of Canada's total agri-food exports in 2011¹⁴.

SPECIFIC ISSUES ADDRESSED

Biofuels and the Renewable Fuel Standard – Canadian canola oil met criteria under RFS 2 related to biofuel performance and production requirements, though it did not meet the new sustainability requirements. Actions have included:

- Numerous meetings with U.S. industry to discuss the industry approach to sustainability criteria for biofuels.
- Studies commissioned to determine and study canola sustainability metrics, laying the groundwork to support a petition by the Government of Canada to the Environmental Protection Agency requesting the approval of an aggregate land use approach for demonstrating compliance with RFS 2 requirements.
- Effective in March 2011, the EPA approved the requested compliance approach to renewable biomass verification, meaning that any producer or registered importer of renewable fuel made from planted crops or crop residue from existing Canadian agricultural land will be covered by and qualify for rebates under the RFS 2. Monitoring of the RFS 2 continues to track implementation and ensure compliance.
- Meetings with Canadian and American industry representatives to monitor developments related to the use of biofuels in the aviation sector.

A consistent portfolio market, the U.S. is one of the largest buyers of Canadian canola seed, oil and meal. Total vegetable oil consumption in the U.S. exceeds 12 million tonnes a year, with canola currently ranked as the country's second most popular edible oil¹⁵. Oil has been the most constant and highest value of Canada's canola exports to the U.S. in recent years. U.S. canola meal imports have generally been on the rise while seed sales have been declining since reaching their peak in 2008.

In 2012, the U.S. imported approximately \$3 billion worth of canola seed, oil and meal. Oil accounted for 1.4 million tonnes or \$1.79 billion of sales, followed by meal (2.89 million tonnes valued at \$957 million) and seed (414,000 tonnes valued at \$256 million)¹⁶. Key factors in this major annual gain include a 60 per cent increase in meal sales.

Food and Feed Safety: In 2009, the U.S. Food and Drug Administration imposed import restrictions on Canadian crushing plants after canola meal shipments from these locations were found to contain salmonella bacteria. Ongoing modernization of U.S. food safety regulations under the Food Safety Modernization Act could also significantly impact market access in the future. Actions have included:

- Providing feedback on draft FDA policy guidelines for salmonella in animal feed.
- Under the leadership of the Canadian Oilseed Processors Association, the canola industry is currently working with the Canadian Food Inspection Agency to develop a compliance document aimed at eliminating or reducing the presence of salmonella in Canadian canola meal. The Canola Council has been closely involved and provided technical assistance to the effort.
- Monitoring and informing the canola industry of coming food safety regulatory changes with the potential to impact market access.

¹³ A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices prevailing in the United States (Source: CIA World Factbook)

¹⁴ 2011, Canadian International Merchandise Trade Database

¹⁵ 2011, Oil World

¹⁶ 2012, Canadian International Merchandise Trade Database

Readiness: It's important to any future market access issues that the value of canola to American interests is well understood. As part of these efforts the CMAP enabled:

- Commissioning and communicating the results of a study on the economic impact of canola on the American feed and food industry, demonstrating the importance at both the state and national level.

Current and Future Concerns – Action Plan

- Continue ongoing close coordination with government officials at the Canadian Food Inspection Agency and Agriculture and Agri-Food Canada as well as officials at the

Canadian embassy on biofuels developments.

- Engage local expertise in Washington when necessary to inform and complement efforts related to Trans-Pacific Partnership negotiations, food safety modernization and other SPS issues.
- Continue supporting joint Canada-US efforts aimed at harmonizing regulatory approaches to biotechnology and crop protection products such as joint submission processes and mutual recognition of risk assessments.
- Work with allied stakeholders in both Canada and the U.S. to advance mutual priorities as issues arise – such as continued advocacy for a science-based regulatory system.

EUROPEAN UNION

MARKET IMPORTANCE

The European Union (EU) is an economic and political union of 27 member states spanning Western, Central and Eastern Europe as well as the Nordic countries. With a population of over 500 million and a GDP (PPP) of US\$ 15.39 trillion¹⁷, the EU is the world's largest single market, foreign investor and trader. It is also the world's largest producer of rapeseed. After the U.S., the EU is Canada's second most important trade and investment partner.

Following the 2008/2009 global economic crisis, the EU economy experienced moderate GDP growth in both 2010 and 2011. However, an escalating debt crisis in the "euro zone" (the 17 member states using the Euro as their currency), exacerbated by a high public debt load, aging state populations and onerous regulations, poses significant risks to the EU's economic health.

In 2010, Canadian agri-food exports to the EU totaled \$2.2 billion, consistent with 2009 and 2008 values. The EU was Canada's fourth largest agri-food export market, with grains and oilseeds comprising the top five exports (soybeans, non-durum wheat, durum wheat, flaxseed and lentils, respectively)¹⁸.

SPECIFIC ISSUES ADDRESSED

Biotechnology: The EU's regulatory framework for managing trade of GM crops has served as a significant and long-standing market access barrier for the Canadian canola industry.

The Canola Council has made significant efforts with the CMAP to reduce these market access barriers including:

- Conducting missions to key EU stakeholders (members of the European Parliament, European Commission officials, member state representatives, etc.) to share the value of biotechnology and advance market access goals.
- Working closely with Government of Canada representatives to provide consensus-based industry positions to advance CMAP goals through the Canada-European Union Comprehensive Economic and Trade Agreement.

While not its largest customer, the EU is an important export market for the Canadian canola industry. In 2011, EU countries imported \$435 million worth of canola seed, oil and meal from Canada. In response to market conditions, 2012 sales were approximately \$120 million in seed, oil and meal. Seed sales, which have increased over the past few years, reached 337,000 tonnes or \$185 million in 2011. Spurred by the European Commission's Renewable Energy Directive, the EU has become the world leader in biodiesel consumption, with canola being a feedstock of choice. In 2011, Canada exported 183,000 tonnes or \$210 million worth of canola oil to the EU¹⁹. Meal sales to the EU have been increasing, from \$13 million in 2011 to 21.8 million in 2012

- Working closely with the Government of Canada in the Biotechnology Dialogue – advancing key concerns of the industry related to approval processes for new traits, authorization for discontinued and unapproved traits and the development of a low level presence policy for GM products.
- Securing extended authorization for food, feed and processing for three discontinued events.
- Analyzing the EU's regulatory approval process for new GM traits and then developing an industry plan with recommendations for improvement.

¹⁷ 2011, CIA World Factbook

¹⁸ 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

¹⁹ Canadian International Merchandise Trade Database

Renewable Energy Directive: Introduced in April 2009, the European Union's Renewable Energy Directive (RED) requires that all transportation fuel used in member states contain at least 10 per cent renewable content by 2020. The requirements of the RED around greenhouse gas emission targets and sustainability requirements have the potential to significantly limit market access. Efforts taken to mitigate and prevent these barriers include:

- Coordinated joint Canada–EU industry meetings to determine the best approach to meeting sustainability criteria.
- Established a Canadian working group to assist with RED compliance.

CURRENT AND FUTURE CONCERNS – ACTION PLAN

- Work closely with Government of Canada negotiators and aligned Canadian agricultural stakeholders through the Canadian Agri-food Trade Alliance to maximize the potential for biotechnology advances in a Canada–EU Comprehensive Economic and Trade Agreement.
- Collaborate with Government of Canada officials to maximize the productivity of the annual biotech dialogue between European and Canadian regulators – working towards improved approval processes for new biotech traits and an effective policy

- Held seminars for Canadian producers and conducted a survey to assess their ability to satisfy RED requirements. The survey served to assess record keeping practices and identify any shortcomings to satisfy RED requirements.
- Initiated studies to determine what is involved in meeting RED biofuels sustainability criteria.
- Led a technical mission to the EU focused solely on the RED; established a canola working group.
- Coordinated the Canadian industry to adopt a common sustainability certification system.

for a low level presence of discontinued and unapproved traits.

- Continue to facilitate supply chain cooperation to provide a coordinated approach to biotechnology and sustainability issues when working with domestic and international officials.
- Maintain close relationships with officials at the Canadian embassy and allied stakeholders in Brussels to inform and effectively engage on emerging EU policy issues.



MEXICO

MARKET IMPORTANCE

Mexico is the 14th largest country in the world by area and the 11th most populous country, with an estimated population of close to 115 million. Mexico's GDP approximated US\$ 1.657 trillion (PPP) in 2011, with agriculture accounting for 3.8 per cent of the total GDP²⁰. Crop production is Mexico's most important agricultural activity, representing roughly 50 per cent of the total value of domestic agricultural output, followed closely by livestock production.

The world's eighth largest importer of agri-food products, Mexico was Canada's fifth largest agri-food export market in 2011. Canada's primary foreign competition in the agri-food market comes from the US, which currently serves over 70 per cent of Mexico's \$27 billion agri-food import market²¹. This being said, Canada–Mexico bi-lateral agriculture and agri-food trade has been increasing steadily since the North American Free Trade Agreement came into force in 1994.

In 2011, Canada's agri-food exports to Mexico were valued at \$1.8 billion, an increase of \$400 million or 29 per cent over 2010. Bulk commodities accounted for approximately two-thirds of agri-food exports, with intermediate goods such as canola oil, fats and flour accounting for another 10 per cent. The top five 2011 agri-food exports were canola, non-durum wheat, fresh boneless beef, canola oil and canary seed²².

Mexico is a consistent buyer of Canadian canola seed, an important feedstock for the country's crushing and refining industry. Mexico was Canada's third largest export market for canola seed in 2012, importing 1.54 million tonnes valued at \$960 million and its third largest market for meal, purchasing 66,000 tonnes valued at \$20.8 million. In keeping with prior years, Mexico's oil imports remained relatively low in 2012, at just over 13,600 tonnes or \$15.6 million²³; making seed and meal Canada's best prospects for near-term growth in canola exports to Mexico.

²⁰ 2011, CIA World Factbook

²¹ 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

²² 2011, Agriculture and Agri-Food Canada, Agri-Food Trade Service

²³ Source of 2012 canola trade statistics: Canadian International Merchandise Trade Database

SPECIFIC ISSUES ADDRESSED

Described below are two areas of evolving regulatory policy on which the Canadian canola industry is focusing as part its overall strategy to maintain and increase access to the Mexican market.

Biotechnology: An adopter of GM technology, Mexico is becoming increasingly engaged in international dialogue on the global trade of GM crops and products. Through a combination of bi-lateral discussions and involvement in international forums such as the International Grain Trade Coalition (IGTC), Global Adventitious Presence Coalition (GAPC) and North American Biotechnology Initiative (NABI), the Canadian canola industry has been progressing by working to develop mutually acceptable strategies. Specific efforts under the CMAP have included:

- Attending the 2011 and 2012 annual meetings of the Canada-Mexico Partnership, a catalyst for concerted action between the governments, private sectors and non-governmental partners of the two countries.
- Supporting the involvement of Canadian canola growers in the North American Biotechnology Initiative's hemispheric grower dialogue on new technologies.
- Conducting information sharing meetings with Canadian government officials at the Canadian Embassy in Mexico.

CURRENT AND FUTURE CONCERNS – ACTION PLAN

- Continue to work with Canadian and Mexican government officials to ensure compliance with responsibilities of the biosafety protocol and other Mexican import standards.

OTHER MARKETS

MARKET IMPORTANCE

In addition to the US, China, Japan, the European Union and Mexico, there are a number of smaller markets that are also very important for canola exports. More than \$889 million in canola seed, oil and meal was shipped to these markets in 2012 with the largest being the United Arab Emirates, Pakistan and South Korea²⁴. Many small markets demand refined canola oil that has been refined for human consumption and can be

Food and Feed Safety: As a major producer and supplier of large quantities of fresh produce to international markets, Mexico has identified food safety as a national priority and is in the process of establishing new mandatory food safety regulations. Efforts under the CMAP have included:

- Actively monitoring the evolution of Mexico's food safety framework, including collaborating with stakeholders to be prepared for Mexico's emerging food safety legislation and regulations.

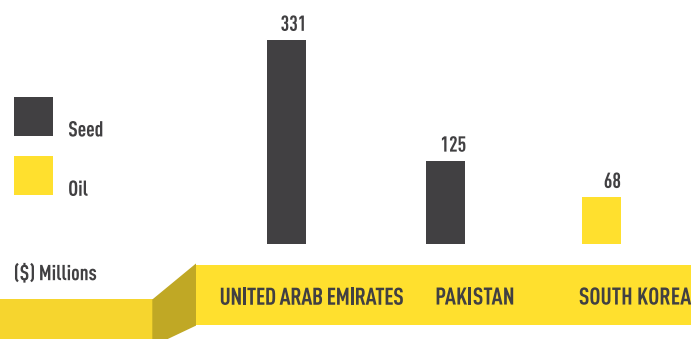
Readiness: It's important to any future market access issues that the value of canola to Mexico's interests is well understood. As part of these efforts the CMAP involved:

- Commissioning and communicating the results of a study on the economic impact of canola on the Mexican feed and food industry. A communications plan was developed involving media outreach, contact with key stakeholders and ongoing cooperation with industry partners.

- Proactively work with Mexican grower and industry representatives to share experiences with biotechnology and maintain an active dialogue about emerging issues to avoid unnecessary trade disruption.

shipped easily in smaller quantities – a higher value product compared to seed, meal or crude canola oil. Though individual country markets may be smaller, they provide valuable opportunities for growth. Activities outlined in the four horizontal areas earlier in the report (tariffs, innovation and biotechnology, sanitary and phytosanitary and sustainability) all help to support market access in markets around the world.

2012 CANOLA EXPORTS



Adapted from Canadian International Merchandise Trade Database

²⁴ 2012 Canadian International Merchandise Trade Database

SPECIFIC ISSUES ADDRESSED

Assessing Market Potential: To better understand the potential for increased demand from emerging markets that may not currently be importing canola, research is ongoing about the prospects for increased canola consumption. This research examines the demographic, health and social trends driving the demand for oilseeds, vegetable oil and protein meal and the potential for increased canola demand. In addition the research

examined production trends that will influence canola demand. Many of the countries with significant growth potential are located in the Asia-Pacific region where population and incomes are growing rapidly. For canola demand, the most relevant countries include Pakistan, Bangladesh, Vietnam, Thailand, Korea, Taiwan, Korea, Malaysia and India.

CANADA

While international markets are often far from Canada, knowledge of their characteristics, production practices that minimize risk and policies required for stable trade all start here at home. Under the CMAP, the Canola Council uses its vertically integrated structure to act as the link between import requirements in key markets and the production practices needed to meet them. To maintain alignment, the Canola Council also works extensively to communicate market access developments to all industry stakeholders.

SPECIFIC ISSUES ADDRESSED

Communicating Export Ready Practices to Growers: Maintaining market access and avoiding potential sanitary and phytosanitary trade barriers requires that production practices meet standards in demanding import markets. Production practices related to pesticides use that respect maximum residue limits, preventing the sowing of discontinued varieties and proper storage techniques without malathion have been addressed by:

- Developing the Export Ready program to encourage acceptable producer practices
- Conducting a benchmarking survey to determine grower awareness of Export Ready practices
- Conducting ongoing communications efforts aimed at increasing grower compliance including an Export Ready Coffee Kit, materials for trade shows, pre-harvest interval mailings, advertisements and owned media messaging

Informing Industry of Market Characteristics: Ensuring that exporters are well informed of policies, regulations and characteristics of important import markets is a key factor to facilitate market access. As part of this the CMAP supported:

- Commissioned studies on trends in global oilseed trade, biotechnology approval processes and the economic significance of canola in Canada.
- Virtual country profiles that are accessible by exporters and contain key canola

trade statistics, market demographics and information on key policies that may impede trade. The CMAP also helped to develop other communications tools such as videos to communicate to growers the importance of various export markets.

Leading Trade Policy Developments: As the most valuable crop in Canada that exports the greatest percentage of its production of any major commodity, canola has a responsibility and opportunity to lead the development of policies internationally by working for their implementation here in Canada. As part of this effort the CMAP has enabled:

- Support for the development of low-level presence policies for discontinued and unapproved events.

Communicating Market Access at Home: To maintain alignment of the canola industry, the Canola Council kept stakeholders informed of the importance of market access, developments and emerging threats. This involved:

- Ongoing outreach to federal and provincial government representatives, industry representatives and supply chain members. This included the development of communications materials such as a video for growers explaining how the CMAP helped to maintain and grow market access.

CURRENT AND FUTURE CONCERNS – ACTION PLAN

- Continue to inform industry stakeholders of developments.
- Continue to advance the development of low-level presence policies domestically and internationally.

- Continue to coordinate industry efforts to meet import requirements through the Export Ready program.
- Maintain up-to-date information on markets of importance.

INDUSTRY OUTLOOK

The past decade has seen incredible growth of the canola industry by all means of measuring it: acres grown, overall production, processing capacity and economic value to the Canadian economy. As we look forward, this rapid change has set the stage for a new set of potential market access challenges to emerge.

EMERGING TRENDS AND FUTURE CHALLENGES

Increased Meal and Oil Exports Accompanied by SPS Requirements: Based on recent investments to expand existing processing facilities and construct new ones, domestic crushing capacity is estimated to grow from just under five million tonnes in 2008 to approximately 10 million tonnes in 2015. This expansion will continue the trend of exporting more value added products such as canola oil and canola meal compared to raw seed. From a market access perspective, these products often face more detailed SPS requirements from importing countries as they fall under food and feed safety regulations as opposed to grain regulations. Increased vigilance will be required to ensure that science-based regulations prevail and that emotion based consumer sensitivities do not create market access barriers.

Plant Breeding Innovation Requiring Regulatory and Consumer Adaptation: The number of GM events in commercial production globally will continue increasing – from about 30 in 2009 to over 100 in 2015 according to research of the Joint Research Centre of the European Commission²⁵. Indeed, this trend is well established with 196 events in 25 crops already approved at the end of 2011²⁶. As more traits are approved and an increasing amount originating from national innovators in developing countries, it is increasingly likely that traces of these events will occur in countries where they are not approved. New plant breeding technology is also likely to emerge beyond the traditional genetic modification. This means that market access efforts around innovation and biotechnology will be increasingly important.

Increased Crop Intensity Requiring SPS and Sustainability Vigilance: The world's population is widely expected to grow to over nine billion people by 2050 – requiring a significant increase in food production. With limited growth in arable land area possible, much of this increased production will come from increased production intensity. For canola, this will mean a greater need for innovative technologies to manage insects, disease and weeds as well as nutrient innovations that maximize the plant's use of available resources. Ensuring canola exports are recognized as sustainable and meet SPS requirements as production intensity grows will remain important for market access in the future.

CONTINUED EVOLUTION AND ENGAGEMENT

Issues affecting market access will continue to evolve and so to must the market access plan to ensure canola can profit from international market demand. The priorities identified in this long-term strategy under the four horizontal issues of tariffs, sanitary and phytosanitary, innovation and biotechnology and sustainability – in addition to the country-specific plans – reflect a considered approach to improving market access in the coming years. As new issues arise, it will be important to organize efforts to respond to them using the same principles that have facilitated the formation of this plan and enabled success. This includes:

Industry Leadership: Being closest to the market opportunities and challenges best positions industry to identify and prioritize market access issue to be addressed. Through the Canola Council, industry efforts and resources can be focused to achieve success and market access meaningful for canola's success.

Coordinated Cooperation: Government and industry both have crucial roles in addressing market access issues. The federal government departments of Agriculture and Agri-Food Canada, Foreign Affairs and International Trade, the Canadian Food Inspection Agency as well as Health Canada all have critical roles that often overlap in addressing issues. Provincial governments can also play a key role in trade negotiations. Similarly, various members of the of the canola supply chain play crucial and overlapping roles in addressing issues. As a consequence, experience has shown that cooperation and coordination among and between industry and governments is essential to effectively maintain and improve market access. This is especially true for the canola industry's efforts – where innovation, market development and market access are all part of a cohesive plan for success. Innovation is key to the sector's international competitiveness; it enables improved productivity and profitability, leading to additional production. This increased production then requires stable and increased market access, requiring markets to be developed to attain the maximum value for the Canadian industry. Coordinating market access efforts with investments in innovation and market development will be important for the Long-Term Global Strategy to remain an effective part of the industry's success.

Mutual Commitment: Advancing solutions to market access issues after they have been identified and prioritized is contingent on the commitment of both industry and government. Success to date has often occurred because of the aligned commitment of the Agriculture and Agri-Food Minister, senior leadership within the Market Access Secretariat and officials within various departments, embassies and agencies. Industry must similarly demonstrate its commitment to be an effective partner to government.

²⁵ 2009, "The global pipeline of new GM crops" Stein, A. and E Rodríguez-Cerezo. Available at <http://ftp.jrc.es>

²⁶ 2011, "Global Status of Commercialized Biotech/GM Crops: 2011." James, C. Executive summary available at: <http://www.isaaa.org>