



Canada's Canola Industry - Adding Billions to the Economy

In 2007, the Canola Council of Canada commissioned an economic analysis of the annual socio-economic impact of the canola industry in Canada.

The results show:

- Canola adds almost \$14 billion annually to Canada's economy.
- Most of the economic benefits stay in western Canada where most of the canola is grown but canola processing in Ontario and Quebec is worth \$1.3 billion yearly.
- Canola is the #1 source of crop receipts for farmers. In 2006, canola generated 17% of Canada's \$14.5 billion in gross crop receipts.
- Exports of canola have quadrupled in value to over \$2.8 billion in 2006 from under \$705 million in 2000.
- Canola creates over 216,000 jobs in western and eastern Canada in production, transportation, crushing, refining and food development, manufacturing and service.

Growing canola adds \$2.8 billion – based on an average of 8.8 million tonnes produced in 2004/2005/2006 and sold for between \$289 to \$371 per tonne.

Crushing canola adds almost \$174 million – based on an average of 3.345 million tonnes crushed domestically in 2004/2005/2006 at 10 facilities in four provinces.

Refining and processing canola oil adds \$100 million – based on a refining process 'value-add' of \$100/tonne on an annual average of one million tonnes of refined canola oil.

Packaging and selling canola oil adds almost \$547 million – based on the use and value of canola oil in margarine, salad and cooking oil, baking and frying.

Handling canola adds \$89.2 million – based on an average 'pipeline margin' of \$21.30/ tonne in 2006, at an average of 4.192 million tonnes of canola exports.

Distributing canola crop inputs adds \$124.8 million – based on average total margins on the sales of crop inputs of \$9.45/acre.

Developing seed/crop protection products adds \$118.9 million – based on a 13 million acre crop, the incremental 'value-add' of the intellectual property is \$29.24 million for seed and \$89.7 million for protection products.

Shipping canola adds \$48 million – based on average freight rates for each of the three prairie provinces, average canola production for 2004/2005/2006 and value calculated using a 17% gross margin for the rails.

Handling canola seed at terminals adds \$97 million – based on handling data at Vancouver and Prince Rupert with 90% of canola exports and Thunder Bay with 10%.

Not all the economic benefit from canola stays in the west

Although most of the canola is grown in western Canada, other enterprises in the value chain, such as crushers, shippers and food product manufacturers, are located throughout Canada.

According to the 2007 study, the economic impact of canola to provincial economies is (in rounded figures): Ontario: \$752 million; Manitoba: \$2.3 billion; Saskatchewan: \$5 billion; Alberta: \$4.5 billion; BC: \$327 million; Quebec/Maritimes: \$529 million.

Canola is the highest generator of farm cash receipts of all crops

Canola production is a vital generator of cash for producers who grow the crop. In 2004, 2005 and 2006, canola accounted for almost 6% of all farm cash receipts – ranking canola at the very top of income sources for Canadian growers.

Canola seed, oil and meal is in demand around the world

Canola seed is an essential component of Canada's trade patterns with key partners in NAFTA and in Asia – U.S., China, Japan and Mexico. Within NAFTA, sales of canola to the U.S. rose 72% from 2002 to 2006 and 95% to Mexico. By 2006, canola made up more than 15.6% of Canada's agricultural exports to the U.S. and more than 41% of our agricultural exports to Mexico.

Canola makes up 30% of Canada's agricultural exports to Japan, almost 50% of our agricultural trade with China and 79% of Canada's agricultural trade with Pakistan. Canola contributes significantly to Canada's trade balances with China and Japan.

Exports of canola oil to the U.S., Canada's top customer reached a value of \$500 million in 2006 growing from \$300 million in 2002. The U.S. is also Canada's major canola meal market and sales reached \$203 million in 2006.

Canola Council of Canada

www.canola-council.org
or call 1.866.834.4378

Canola generates jobs throughout Canada

Canada's canola industry generates direct jobs for 52,700 growers.

About 600 people work directly with canola in grain handling and frontline agronomy support. Within the life sciences community, six major corporations and a number of smaller firms make up 1,280 positions. Approximately 502 jobs amongst North American shippers can be attributed to canola. The canola-related job total from crushers in Canada is 780. About 739 people employed in export terminals at Vancouver and Thunder Bay work with canola.

Assuming an annual Canadian consumption of 9.1 kg/person as oil and 0.5 kg/person as meat derived from animals fed canola meal, there are just over 3,000 people working in the food processing/grocery sector and 12,389 people working in the restaurant sector because of Canada's canola industry.

Using a multiplier effect of 2.0, canola effectively generates 144 thousand jobs in Canada – for a total of over 216 thousand jobs from sea to sea to sea.

But Canadians are consuming less as the world discovers healthy canola oil

According to the 2007 study, using domestic disappearance data from Oil World, more tallow, lard, butterfat and tropical oils are being used in Canada. From 2004 through 2006, Canadian consumption of palm oil tripled. Part of this change in oil consumption is due to the shift to eliminate *trans* fat from food products with palm oil being used as a *trans* fat replacement.

In 2007, consumption of canola oil in Canada was 395,000 tonnes versus 600,000 tonnes in 2000. This decrease in Canadian consumption of canola oil is occurring even as the production of canola oil has increased. Canola oil is being exported into higher priced markets around the world and cheaper oils are being substituted into the generic "vegetable oil" market in Canada.

Download the entire report at
http://www.canola-council.org/canadian_canola_industry.aspx