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Canada's **Canola** Industry Adding Billions to the Economy



Canada's Canola Industry - Adding Billions to the Economy

In 2008, the Canola Council of Canada commissioned an economic analysis of the annual socio-economic impact of the canola industry in Canada.

The results show:

- In 2008, Canola added \$14.1 billion in economic activity to the Canadian economy.
- Although a large portion of this wealth is generated in western Canada, Quebec and Ontario benefit as well, with canola generating \$1.38 billion in Ontario and Quebec (primarily in the processing sector).
- The world wants all the canola we can produce. In absolute numbers, exports of canola quadrupled from a level of just under \$705 million in 2000 to over \$2.8 billion in 2006. Anticipated demand in bio fuels will drive this up in the future.
- In 2008 canola generated 21 percent of Canada's \$23.1 billion in gross farm receipts from sale of crops, making it the number one generator of crop receipts of all crops.
- Canadians have recently begun to turn to unhealthy fats (lard, tallow etc) and are consuming less canola oil – likely owing to recent confusion about fatty acid profiles and human health. Tallow and lard consumption by Canadians is up 35 percent since 2000 while canola consumption is down.
- Canola production generates over 216,000 jobs in eastern and western Canada as a result of production of the crop, transportation to export, crushing, refining and inclusion in panoply of foods. In the eastern provinces, approximately 37,000 jobs arise directly or indirectly from canola production.

Growing canola adds \$4.36 billion/year – based on an average of 9.45 million tonnes per year during 2006, 2007 and 2008, and sold with prices averaging \$451.11 per tonne.

Crushing canola adds more than \$177 million/year – based on an average of 3.68 million tonnes crushed domestically in 2006/2007/2008 at nine crushing facilities in four provinces.

Refining and processing canola oil adds \$100 million – based on an industry capacity for refining of approximately 1 million tonnes for the three years 2004-2006, and a 'value add' benefit of \$100/tonne in the refining process.

Packaging and selling canola oil adds more than \$546 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 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 'value add' of the intellectual property is \$29.25 million for seed and \$89.7 million for chemicals.

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 canola production might be assumed to be beneficial primarily in the Prairies where the crop is grown, there are economic benefits in both Ontario and British Columbia, with some also in Quebec and the Maritimes in the food processing sector and at head office levels in the rail system.

The economic impact of canola to provincial economies (in rounded figures): Ontario: \$876 million; Manitoba: \$2.3 billion; Saskatchewan: \$5.1 billion; Alberta: \$4.7 billion; BC: \$587 million; Quebec/Maritimes: \$499 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 2008 canola generated 21% of Canada's \$23.1 billion in gross receipts from the sale of crops, making it the number one generator of crop receipts for all crops.

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

Canola seed, oil and meal exports also rose in terms of the absolute and proportional contribution made to the agricultural trade picture. In 2006, Canadian canola exports accounted for 18.2 percent of our total exports of agricultural products. In absolute numbers, exports of canola have quadrupled from a level of just under \$705 million in 2000 to over \$2.8 billion in 2006.

The crop is an essential component of our trade patterns with our key trade partners in NAFTA and in Asia– the U. S., China, Japan and Mexico. Within NAFTA, sales of the crop to the U. S. rose 72 percent from 2002 to 2006 and by 95 percent to Mexico. By 2006, canola made up 15.6 percent of our agricultural exports to the U. S. and 41.2 percent of our agricultural exports to Mexico.

In Asia, canola makes up 30 percent of our agricultural exports to Japan, 49.6 percent of our agricultural trade with China, and 79 percent of our agricultural trade with Pakistan. South Korean-bound canola made up 5 percent of the total agricultural exports to that country.

In Asia, canola constituted 14.6 percent of the total trade balance total with Japan. In China, canola exports grew tenfold in the four years between 2000 and 2004.

Canola sales to Pakistan made up 23.6 percent of the total trade balance with the country.

Exports of oil to our top trading partners went from \$341 million in 2002 to \$602 million in 2006. In the same period, meal sales to the U. S. went from \$154 million to \$203 million.

Canola Council of Canada

www.canolacouncil.org
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Canola generates jobs throughout Canada

Canada's canola industry generates 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 of 1,280 positions. Approximately 502 jobs among North American shippers can be attributed to canola. The canola-related job total from crushers in Canada is 780, while 739 people employed in export terminals and 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 3,048 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 144,000 jobs in Canada – for a total of over 216,000 jobs from seat to sea to sea.

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

According to Oil World data, more tallow, lard, butterfat and tropical oils are being used in Canada. Figures show a recent dramatic increase in the amount of tallow, lard and butterfat consumed domestically. The last three years have also seen a revival in palm oil use. This may be due to a desire to on the part of processors to avoid a 'trans fat' designation – ironically by actually increasing the use of saturated fats.

At the same time, there is a trend towards the use of canola oil 'up-scale' in the food ingredient business. Price premiums of canola oil have ranged from 10 to 30 percent over soybean oil over the past four years. This points toward a trend where canola oil is used less in simpler applications (bottled oil) but more in the higher end 'healthy consumer' markets overseas.

In 2007, consumption of canola oil in Canada was 395,000 tonnes, versus 600,000 tonnes in 2000.

Meal consumption in Canada rose approximately 5 percent between 2000 and 2007. Canola meal has held a steady market share of about one-fifth of the market.

Download the entire report at
http://www.canolacouncil.org/canadian_canola_industry.aspx