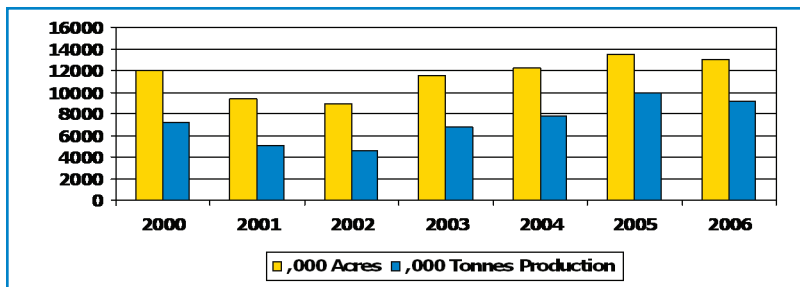


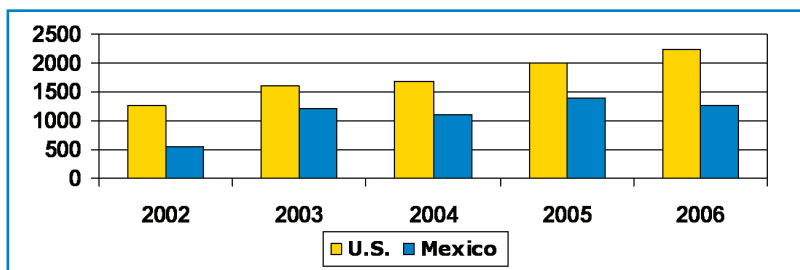
CANOLA...growing great 2015 Builds on Seven by Seven Success

Historical Average Acres and Production



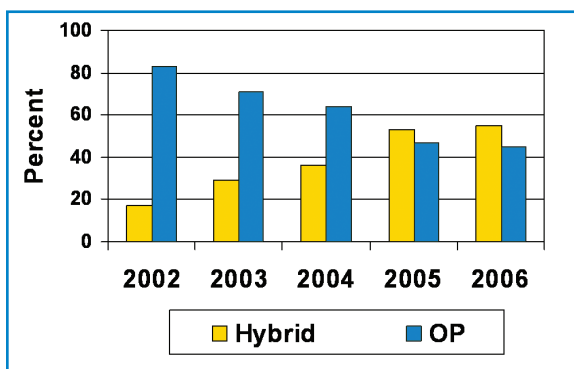
Source: Statistics Canada

North American Export Growth (,000 tonnes seed equivalent)



Source: Statistics Canada, 2006

Rate of Hybrid Adoption



Source: Private Trade Sources, 2006

In the fall of 2002, following three consecutive crop years of declining acreage and production, the Canadian canola industry determined that to ensure its continued development it would be necessary to achieve sustained production and market demand of 7 million tonnes.

Specific targets were set with respect to expanding inelastic demand for canola, particularly in the North American market place. These targets included doubling sales to the United States, increasing sales to Mexico by 50%, and establishing two new long-term geographic customers. **All these targets have been achieved.**

Fundamental to our achieving sustained canola of seven million tonnes of production has been the ability to generate revenue/acre levels higher than those that can be achieved from other cropping choices. Although the rapid rise in the valuation of the Canadian

dollar and continuing growth in global soy production kept the absolute value of canola lower than was desired, the adoption of hybrids which present higher revenue per acre opportunities, the introduction of high stability canola, and the rise in oil-driven demand in the oils and fats market have helped to increase the competitiveness of canola production relative to other major cropping choices.

The industry is proud of its recovery during the five year period of the Seven by Seven objectives. However, as it enters 2007, it is necessary to set a new course for the future.

Where To from Here? CANOLA...growing great 2015

CANOLA...growing great 2015 is an ambitious plan to take the Canadian canola industry to 15 million tonnes of sustained market demand and production. The industry's focus will be on those market segments for which canola's primary attributes—high oil yield and low levels of saturated fat—will create superior value and make a positive difference.

The Canadian Canola Industry

Innovative. Resilient. Determined to create superior value and a healthier world.

In order to achieve this objective, the industry must:

- Capitalize upon mega market trends which are: biodiesel growth and rising demand for healthy food, which will trigger growth in the domestic crushing industry.
- Focus on innovation as the best means to: a) constantly improve product quality b) avoid increasing competitive pressures (soy, palm, sun) and c) hedge against uncertain regulatory and political environments.
- Expand canola production to meet demand which includes: improving per acre returns relative to domestic cropping alternatives and attracting research and development in the crop relative to its major global competitor, soy.

The Canadian canola industry was born of change. It has accepted and prospered through the revolution in breeding technology. It has survived the massive increase in South American soybean production. It has been a true “made in Canada” success story.

Today, it is poised to exploit the increase in global oils and fats demand created by biofuels production as well as interest in healthy oils for human consumption. But with any period of unprecedented change comes risk, particularly given that we are adding a completely new market segment, energy, and that this demand has been created by government intervention. The industry must react quickly in a volatile environment and it must remain true to its core values.

Mega Market Trends

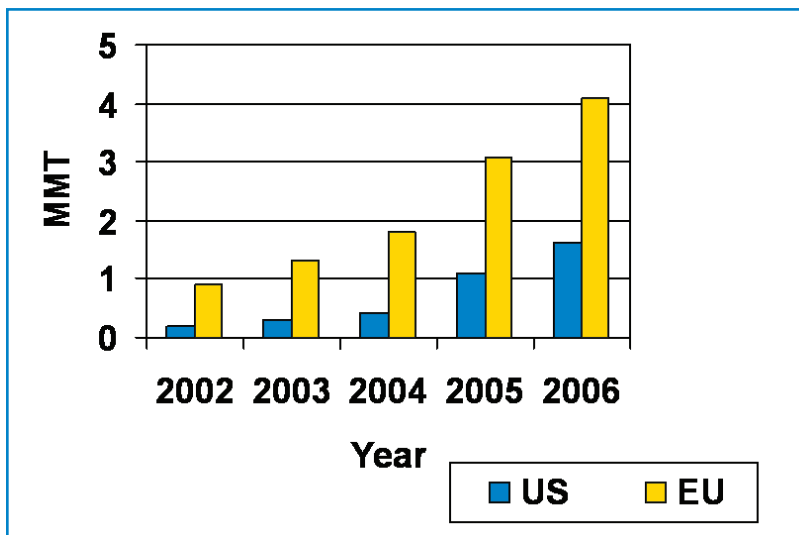
Mega market trends are creating fundamental change in the global oils and fats industry. It is anticipated that for the next decade, the oils and fats market will be driven by demand for oil rather than protein meal. As a result, canola, with 42.5% average oil content, is well-positioned as a preferred crush feedstock. Further, canola offers superior fuel and food properties given its low levels of saturated fat.

In its 2007 presentation to Agricore United, Rabobank estimated that world usage of the major oils would grow from 96 million tonnes in 2005 to 125 million tonnes in 2010. This 29 million tonne increase is projected to be split between food and fuel, 13 and 16 million tonnes respectively.

Biodiesel

Biodiesel production is a global phenomenon, lead first by the EU and more recently by the United States, South America and Asia.

US and EU Biodiesel Production



Source: NBB, EBB, Rabobank

The EU situation is particularly interesting for Canada in that this geography has set an aggressive renewable fuel target of 5.75% by 2010, which cannot be met from its existing rapeseed production base. The EU is also planning to move to 10% renewable fuels inclusion by 2020. As a result, import demand will rise, impacting the total global fats consumption and canola/rapeseed consumption. Further, the EU's continuing moratorium on the import of GM seed is impacting traditional trade flows.

There are several possible implications for Canada:

- In the event that the EU opens to seed imports, we will see their demand for canola seed rise.
- Should the EU remain closed to seed imports, we will see an increase in demand for Canadian-produced oil, increased shipments of canola seed to non-traditional geographies for processing and eventual export to the EU, reduced pressure from South American soy and Asian palm exports in non-EU markets as these commodities back-fill EU rapeseed shortages.
- Production of canola in non-traditional geographies such as the Former Soviet Union.

The rapid rise in US biodiesel and ethanol production will also have a significant impact on the Canadian canola industry.

- Demand for canola seed and oil will be strong as crush/biodiesel plants located in the northern tier are focusing on canola feedstocks in order to reduce meal production and to increase reliability in winter driving conditions.
- Traditional dairy markets for canola meal will be disrupted by increased production of distillers dried grains and soy meal.
- Spring canola seed production will increase in the northern tier and possibly as a winter crop in more southern states and this could eventually reduce demand for Canadian product.

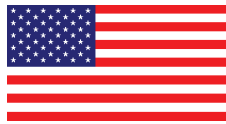
In Canada, the federal government has announced its intention to require 5% biofuels content in on-road fuels by 2010. In addition, by 2012 and hopefully sooner, a mandate of 2% of the total diesel fuel market is to be reserved specifically for renewables, such as biodiesel. Dependent upon the competitiveness of Canada's tax regime relative to the United States, the Canadian canola industry could see a 1,000,000 tonne increase in domestic demand for seed¹.

Food Oil

In general, as the economies of developing countries continue to grow, their demand for food will increase and rising incomes will create a shift in food consumption and commodity demand profiles. Although this demand increase will positively impact demand for canola, it can be expected that these countries will continue to use tariff and non-tariff barriers to create a bias in favour of domestic value-added production which results in demand for seed rather than oil from Canada.

In reality, Canada markets large volumes of canola to a relatively small number of countries and there are trends specific to these geographies that will impact the canola industry over the next decade.

¹ A 2% mandate for renewables in all diesel fuel would require approximately 630 million litres of biodiesel, the production of which would require 1,000,000 million tonnes of canola seed.



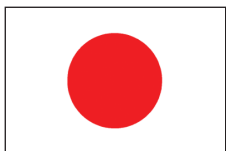
US and Canadian market demand for oils and fats is anticipated to grow by 3-4% per annum. However, there are three key factors which will disproportionately bias demand in favour of canola for the coming years.



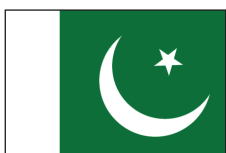
- The North American diet has come under criticism as obesity and chronic disease rates rise. Governments, health and culinary professionals are focused on educating consumers about healthy diet options. The canola industry is aggressively promoting canola oil's health benefits, which has resulted in an increased demand for the product. Further, canola's claim that it plays a positive role in reducing the threat of coronary disease has been formally accepted by the US FDA².
- Although canola oil enjoys a strong market share in the retail segment (significantly ahead of olive oil), it has not penetrated the food processing sector where partially hydrogenated soy oil is most often used. These *trans* fat producing oils have been cited as a risk to health and as a consequence, their use is diminishing. High stability canola oil does not require hydrogenation and can be used successfully as a repeat use frying oil, creating a new market segment growth opportunity.
- Increased demand for corn in ethanol production could result in reduced soy plantings at a time when biodiesel-driven vegetable oil demand is also increasing. Canola oil could serve as an important backfill in a 'short' vegetable oil market.



Mexico, a developing nation into which Canadian canola can move tariff-free, will continue to grow in importance as a seed destination. Efforts are being made to expand the market for canola oil as differentiated, healthy oil.



Japan has traditionally been the most consistent large volume buyer of canola seed. While this is a mature market, its use of Canadian canola seed has continued to grow as a result of decreased availability of Australian canola which has been diverted to the EU and increased imports of meal from China. Further, Japanese crushing companies, in an effort to improve returns, are offering differentiated products in the retail consumer segment. These trends are anticipated to continue, particularly in the current seed acquisition-biased tariff environment³. In the unlikely event of tariff elimination, we can expect an increase in canola oil marketing to Japan, however, it is anticipated that seed sales will continue as crushers adjust to the competitive market environment.



Pakistan is a committed canola buyer traditionally served by Australia. Recently Canada has been able to make significant sales to Pakistan and we will be working to maintain a place in this market. However, if Australian supplies increase considerably or should there be changes in the tax or tariff regime that negatively impact the price of canola relative to palm oil⁴, the level of demand for Canadian canola could stabilize or decline.

² CCC and the USCA received an FDA qualified health claim in October 2006. This claim will create awareness of canola oil's health benefits.

³ Japan has a 10.9 yen/kg tariff on canola oil and no tariff on canola seed. As a result Canadian sales are limited almost exclusively to seed.

⁴ Pakistan has a complicated system of taxes and tariffs that bias demand in favour of crushing canola.



China is the world's largest producer of rapeseed and has committed itself to increasing both the quality and quantity of rapeseed/canola produced. However, when the economics of crushing canola/rapeseed are favourable⁵, this nation has proven itself a large purchaser of Canadian feedstock. There are several challenges to successfully establishing Canadian canola as a preferred seed and/or oil on a long-term basis including: relative immaturity of the "differentiated" oils and fats market, meal-driven demand fundamentals, and domestic production focus. Despite these challenges, by virtue of its economic growth and population, China is and will be a market worthy of further development.

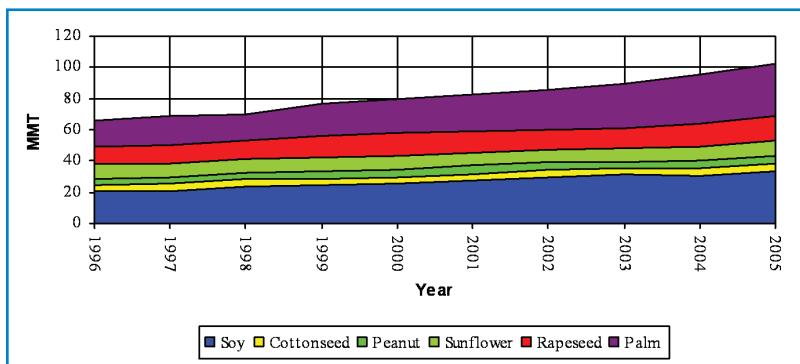
New Geographic Market Opportunities are also on the horizon. Many of the world's developing nations are experiencing rapid income growth. Countries that have the potential to consume significant volumes of product; are driven more by oil than meal demand; have functioning science-based regulatory regimes; and have a progressive attitude toward global trade, will be pursued.

Mega market trends point toward increased global demand for oils and fats and specifically for oils and fats that impart improved functionality and/or high absolute oil yield. Canola is ideally positioned to serve this demand, however, resiliency will be a key attribute for the industry as there is uncertainty in this environment because of the predominance of government intervention in the market place, particularly in the biofuels market segment.

Competition in the Oils and Fats Market Place

Canola's major global competitors are soybean, palm, canola/rapeseed in competitor geographies, sunflower and corn. Evidence indicates that all crops are focusing on mega market trends. Further, they are all seeking to improve the volume, quality and consistency of production through research and development.

Global Production of Vegetable Oil: 1996 through 2005



Source: Oilworld, 2005

⁵ China applies a 9% tariff on canola seed and a 3% tariff on soybeans. As a result, canola seed must be priced approximately \$20/tonne lower than would otherwise be the case in order to compete against soybeans. With respect to oil tariffs, there is a level playing field, against seed and competing oils.

Soybeans

There is no doubt that soybeans are the predominant feedstock in the global oils and fats market. Whether it is the political and marketing might of the United States or the cost competitiveness of Brazil and Argentina, Canadian canola faces a difficult competitive challenge in the commodity segment of the market, particularly when feed demand drives usage. However, it is reasonable to expect that canola will fare better in an environment in which global oils and fats demand is rising.

The Canadian canola industry is focusing upon those markets in which it can differentiate its functionality in order to withstand immediate competition from commodity soy. Over the medium to long-term, this situation could change as there are significant research and development resources committed to transforming the crop.

- High stability canola will experience competition from low linolenic soybeans in the *trans* fat replacement market.
- Work is being done to reduce the level of saturated fat (15% to 7%) which would place it in direct competition with canola as a “heart-healthy” fat.
- Attention is now focusing on increasing the oil content within the soybean itself, which would reduce canola’s advantage in an oil-driven market environment.

Clearly soy has more ongoing investment in end use oil profiles and protein enhancements than canola. Much of the current investment in soy oil modification is driven toward making soy oil more competitive with canola oil for food markets.

Soybean and Canola Trait Development Comparison

Consumer Benefit Traits ⁶	Soybeans		Canola	
	Timeline	Impact on Canola	Timeline	Impact on Canola
Low Lin Profile	Launched	Slightly Negative –More competitive for the no <i>trans</i> fat market	High Stability Launched	Positive—Leading products for non <i>trans</i> fat markets
Improved protein for food uses	2010	Neutral—Relatively small market opportunity		No current research
Low Lin-Mid Oleic Profile	2011-2013	Negative—Higher stability product to compete in food markets	High Stability Launched	Positive—Leading products for non <i>trans</i> fat markets
Omega-3	2011-2013	Slightly Negative –Niche market opportunity		Research conducted, but considered a market niche product
Low Lin-Mid Oleic-Low Sat profile	2013-2015	Negative—More competitive with canola base profile	Launched	High stability canola would still have an advantage with lower saturates
High Oleic Profile (85% Oleic, 5% polyunsaturated, 10% saturated)	2010 or sooner	Negative—More competitive with high stability canola profile		
Improved nutrition (isoflavones, enhanced amino acid and lipid profiles etc)	2015 and beyond	Neutral—Canola meal is not competitive in the human protein market		No research
Sats less than 3.5%			Unknown	In research

Canola's high oil content is an advantage, but improvements in oil content and meal value for soy would reduce canola's crush advantage.

Processor Benefit Traits ⁶	Soybeans		Canola	
	Timeline	Impact on Canola	Timeline	Impact on Canola
High Oil	2013-2015	Negative—Makes soy more competitive to crush and increases high value component		Several companies are developing higher oil lines
Improved Feed Value (amino acid balance)	2011-2015	Slightly Negative –Further widens gap on soy meal value vs. canola meal		No current research
Yellow seed coat —Enhanced Feed value			Germplasm available	Positive—Increased oil, improved feed value

⁶ Profiles between canola and soy may not be exactly comparable.

There are several important agronomic traits under development in canola and soy. Agronomic improvements in either crop do not directly result in market advantages but do improve economics for growers. Improved economics translate into better profits and potentially increased acreage as canola and soy become relatively more competitive against other crops.

Producer Benefit/ Input Traits	Soybeans		Canola	
	Timeline	Impact on Canola	Timeline	Impact on Canola
“Roundup Ready2Yield”	2008-2010	Negative—Agronomic benefit, improved production prospects	2013-2015	Positive—Improved production prospects but behind soy
Optimum GAT	2008-2010	Slightly Negative—Improved production prospects	2013-2015	Positive—Improved production prospects
Dicamba Tolerance	2011-2013	Neutral—Agronomic benefit		
Insect Protection	2011-2013	Slightly Negative—Improved production prospects		
Higher Yield	2011-2013	Slightly Negative—Agronomic benefit, improved production prospects	2015	Positive—Improved production prospects
Drought Tolerance	2013-2015	Slightly Negative—Agronomic benefit, improved production prospects	2015	Positive—Improved agronomics, expand acreage, improved production prospects
Nematode Resistance	2013-2015	Neutral—Agronomic benefit		N/A
Clearfield Herbicide Resistance <i>Brassica juncea</i>			2009-2011	Positive—Agronomic benefit, expanded acreage
Shatter Resistance			2011-2013	Positive—Improved agronomics, enables straight cutting
NUE (Nitrogen Use Efficiency)			2013-2015	Positive—Reduces fertilization requirements, more competitive with soy

Regulatory consideration: Although a significant amount of soy is exported from the US, domestic utilization represents a much larger portion of the market, typically 65%. Low levels of out-crossing coupled with a grain handling system perhaps more suited to channelling could allow soy to commercialize new traits based solely on North American approvals. Canola’s reliance on export markets and approvals for new GM traits in those markets creates a potential competitive disadvantage for the launch of new technologies. We can also expect that canola will need to continue to compete for research and development dollars because of its limited global acreage basis relative to soy.

Palm

Palm as a highly saturated fat, should not represent a competitive threat to Canadian canola in food markets. However, there are factors in the global market place which point to an increasing influence of palm on the future success of the canola industry.

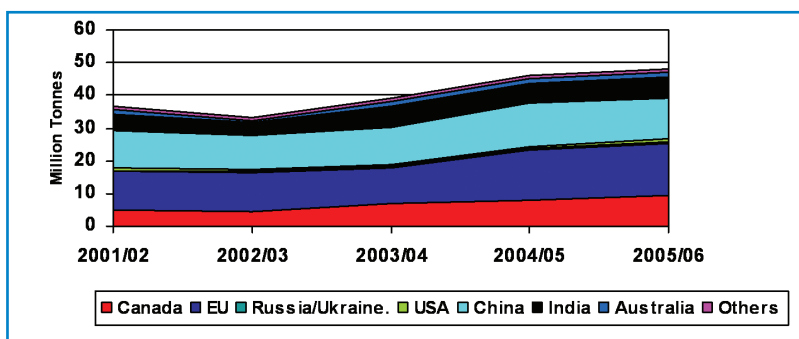
- High oil content
- Extremely competitive pricing in commodity markets
- Consumer preference in many potential developing markets
- Advantageous tariff levels⁷
- Functionality and price as a *trans* fat replacement oil
- Aggressive government-backed promotion as well as R&D

More positively, there is increased interest in blending canola with palm in food processing applications to produce a lower level of saturated fat in a heat stable product.

Canola/Rapeseed in Competitor Geographies

Canada produces 20% of the world's canola/rapeseed and it is by far the largest exporter, accounting for between 70% and 80% of export trade. Other major production areas, China and the EU largely consume what they produce domestically. Further, Canada produces GM canola, while other geographies do not and Canada produces only spring canola while winter canola predominates in other geographies. So while examining this class of oilseed, it is necessary to recognize that market interests, research and development and agronomic issues are not homogenous and therefore, global market conditions, as well as research and development initiatives tend to be splintered geographically.

Global Canola / Rapeseed Production (by Country) 2001/02 – 2005/06



Source: Oilworld, 2006

EU – Biodiesel demand is driving domestic rapeseed production upward. It is estimated that total EU rapeseed production can grow from 14 million tonnes in 2005 to an average of 18 million tonnes in 2010, which would create 7.5 million tonnes of oil. However, the volume of oils required to meet the 5.75% biodiesel inclusion rate will be 12.75 million tonnes, approximately 60% of which needs to be rapeseed. Therefore, additional supplies of canola/rapeseed oil as well as raw seed will be needed to fill both food and fuel demand.

Potential suppliers of the shortfall include Canada, the Ukraine and the Former Soviet Union, as well as Australia. There is even some potential for supply from South America.

⁷ As part of its development agenda, the Doha Round calls for complete elimination of palm tariffs.

Ukraine and the FSU – We can expect this region to increase its production of canola/rapeseed to meet EU demand. Initiatives are underway to expand both winter and spring canola although the level of agronomic expertise with this crop is limited. There are also prohibitions on GM production in this region. Although Ukraine/FSU production will remain focused on the EU, in the event of global surplus canola production and/or a radical change in global biofuels incentives, we could see increased export competition from this region.

Australia – Australia has been plagued by production problems in recent years due to drought. Additionally, the continuing moratorium on GM canola is believed to be damaging Australia's long-term production competitiveness. However, it can be expected that Australia will attempt to respond to demand signals and will eventually approve production of GM varieties. With higher production levels, Australia would impact Canadian exports to Japan, Pakistan and the EU.

US – In the northern tier states, we are expecting biodiesel demand to spur interest in canola production although this will likely only be realized in a significant fashion when and if the US Farm Bill changes. Southern states are interested in pursuing production of winter canola as a rotational canola in micro-plant applications. The Canadian industry views increased canola production in the US as an opportunity to fulfill part of the growing demand for canola in this important consumptive market.

Sunflower/Corn Oil

The major competition presented by sunflower is as high oleic/low linolenic oil in the food processing segment, primarily within North America. Thus, it may limit the growth potential of high stability canola oil. Sunflower oil may also impact biodiesel demand in the EU on a limited basis.

In April 2007, the FDA authorized a qualified health claim for corn oil based on “very limited and preliminary scientific evidence”.

Neither sunflower nor corn oil is as low in saturated fat as canola. Both are still lower however, than soy and have good oxidative stability.

It will be important to promote canola and track its performance relative to competitor products in the key US market, however, on balance, there should be sufficient demand to create opportunity for all products.

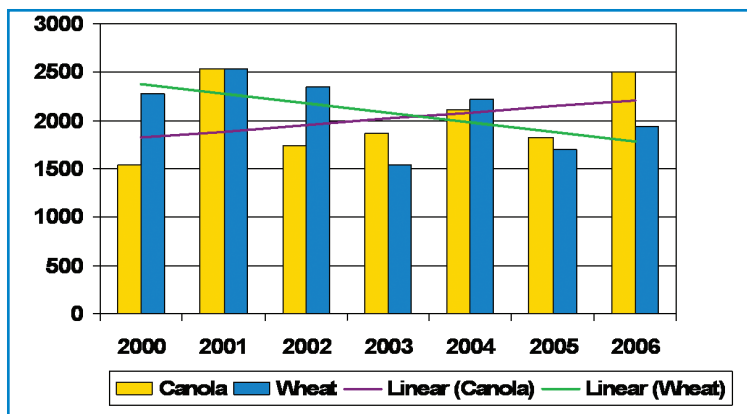
Over the near to medium term, the demand for oil will drive the commodity market and demand for specific functionalities will offer the Canadian canola industry an exciting opportunity to accelerate its growth relative to other commodities. Over the long-term, as competitor products expend significant resources in research and development, it will be necessary for the industry to continue to innovate.

Expanding Canola Production

It is clear that the market is signalling its desire for larger supplies of canola. The opportunity for Canada is to play the lead role in increasing its, and therefore the world's, canola production base.

Traditionally, depressed canola prices have been accompanied by reduced canola plantings. For the past two crop years, despite relatively low prices, canola has not followed this trend due to the potential for higher returns from producing and marketing canola relative to other cropping choices. In fact, this decade's farm cash receipts reflect this reality as canola has dramatically increased its value relative to wheat in generating farm cash receipts in Alberta, Saskatchewan and Manitoba.

Value of Prairie Farm Cash Receipts Wheat (excl. durum) vs. Canola (\$000,000)



Source: Statistics Canada, 2006

The industry recognizes that in addition to generating profitability in order to encourage planting of canola, it now plays a vital role in determining the overall economic health of the grains and oilseeds sector.

An assessment by Kostal Ag Consulting in August 2006 of the forces which will affect competitor crop choices indicates that there are no macro changes on the horizon for cereals and special crops that would significantly reduce canola's attractiveness as a cropping choice on the prairies. Policy change at the CWB; movement away from KVD; ethanol demand and/or weather-related cereal shortages could, however, spur interest in wheat over the medium to

long-term. Dependent upon relative returns from canola production, these changes could create additional competition for acres in Canada.

The introduction of herbicide tolerance, hybridization and high stability canola oil are all examples of innovations that have helped canola retain per acre return competitiveness relative to other cropping choices. However, domestic and global competition remain a potential threat to future growth and it will be necessary to ensure that we retain the critical mass of acres necessary to ensure future research and development in the crop. The speed with which innovative products and services can reach farmers; the introduction of products which improve agronomic performance under stress conditions; and those which can achieve a premium based upon functionality, are all critical.

Efforts to differentiate canola as a healthy oil; capitalizing upon canola's natural advantage as a biodiesel feedstock; creating more local processing demand; and concentration on those geographies and market segments that recognize superior value, are also necessary to maximizing market returns.

Finally, the industry must extend "best practice" in production and marketing at the farmer level.

The key to producing sufficient volumes of canola to meet rapidly growth in demand will be to aim for the highest possible returns/acre from growing the crop. This will encourage the use of higher yielding varieties, increased acreage, and production of novel types of canola.

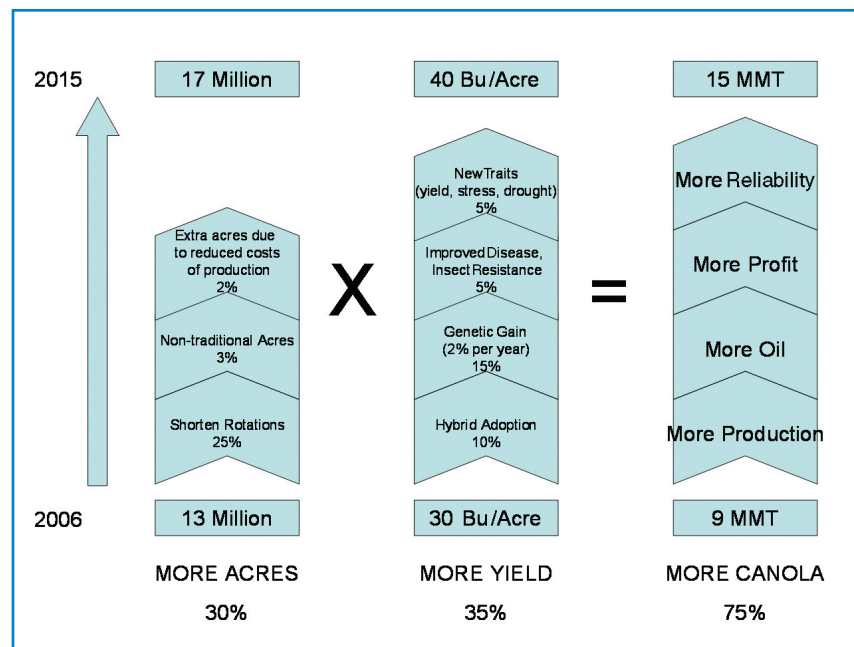
Options for Achieving Higher Production

Yield Per Acre

Bushels	30	32	34	36	38	40
Tonnes	0.68	0.73	0.77	0.82	0.86	0.91
Acres						
13	8.86	9.45	10.05	10.64	11.23	11.82
14	9.55	10.18	10.82	11.45	12.09	12.73
15	10.23	10.91	11.59	12.27	12.95	13.64
16	10.91	11.64	12.36	13.09	13.82	14.55
17	11.59	12.36	13.14	13.91	14.68	15.45
18	12.27	13.09	13.91	14.73	15.55	16.36
19	12.95	13.82	14.68	15.55	16.41	17.27
20	13.64	14.55	15.45	16.36	17.27	17.27
21	14.32	15.27	16.23	17.18	18.14	18.14

While return per acre will drive plantings, actual seed production will be a function of acres x yield.

The chart depicts the variety of combinations that would allow the industry to produce additional tonnages of canola to meet increased market demand. Higher yields will be a function of varietal genetics and input use. For acres to increase substantially, it will be necessary to decrease rotation requirements and/or to expand canola production to non-traditional areas with new canola types, such as *B. juncea* and with improved stress tolerance in traditional varieties.



This schematic illustrates different aspects that could change to allow increased production to achieve a 15 million tonne target.

Increasing rotations from a one in four to a one in three would increase acreage by 25%. A study of rotational intensity shows that there are many areas where rotations could be shortened to one in three. Shortening rotations will increase the risk of disease and insect pressure that will need to be addressed through sound agronomic research and management practices to prevent problems.

The introduction of more stress tolerant cultivars and canola quality *Brassica juncea* will allow acreage to expand into areas currently not viable for traditional *napus* lines. As yields improve and new traits, such as shatter resistance, enter the market place, costs of production for canola should drop relative to other crops. As a result, a modest increase in acres is likely due to better on-farm economics.

Yield increases will be driven on a number of fronts. The rate of uptake on hybrids has been increasing steadily over the past five years. Increased adoption of hybrids will increase production. Ongoing breeding efforts for improved yield, disease and insect resistance will also provide opportunities to push yields upward. Yield continues to be a prime driver for growers to select varieties which will continue to push breeding companies to select for higher yielding products. There are also a number of products in development that could significantly enhance stress tolerance and canola yields, such as nitrogen use efficiency and drought tolerance, which will improve crop reliability and reduce risk for growers.

Increased Oil Content – An additional option for increasing production is to increase the industry's ability to produce the desired end-product—oil. The average oil content in canola oil today is 42.5%. A study of varieties currently in commercial production suggests that some varieties have oil contents that are 3% higher, even under variable growing conditions such as location and weather. Further, although it takes several years to breed higher yielding varieties, it is possible to provide direction to seed developers with respect to the desirability of increasing oil content.

The desirability of increasing oil content in canola was recognized in the Canola Quality Review which the industry completed in 2005. The market is now signalling that it is time to move forward.

Other Enhancements – In addition to increasing oil content in canola, the Canola Quality Review also recommended better managing of chlorophyll, keeping saturated fat levels low and increasing the energy content of canola meal. Chlorophyll management is being addressed by the Canadian Grain Commission and industry. Saturated fat levels are being addressed through WCC/RRC. The Canola Council will play a key role in stimulating development of high energy canola meal through a focus on research and development.

Expanding Markets for Canola

It is clear that the demand for canola is rising and this should, in turn, signal the need for increased production.

In order to effectively create and capture market demand, the industry has been actively pursuing a variety of promotion and advocacy strategies. These include:

- Promoting the health properties of canola through initiatives such as the FDA qualified health claim, the creation of research infrastructure that will focus on canola's beneficial attributes and the North American Oil Promotion Program which creates awareness about canola's versatility, light taste and healthiness under the banner canolainfo.org.
- Working toward the development of a Canadian renewable fuels policy that will create domestic demand for canola oil to produce biodiesel. Elements of this policy include: parity with the US tax regime, mandate for biodiesel and other renewables in diesel, and opportunities for farmer equity participation in the industry.
- Developing a biodiesel branding strategy that will focus on the canola industry's unique capability to provide large volumes of consistent quality product that is healthy for the environment and performs well in Canadian climactic conditions.
- Using the industrial use platform that will be created by a domestic biofuels industry to pursue new non-food opportunities for canola. While work has been ongoing, a coordinated effort to develop a national oilseeds bio-product strategy is underway through Agriculture and Agri-Food Canada's Oilseeds Round Table.
- Pursuing the elimination of non-tariff barriers to trade, such as the EU's GM seed moratorium, that limit access to key markets. Tariff reductions in many other countries are also being sought.

Demand for canola seed and oil have already been increasing and domestic crush capacity is set to increase by more than 2.0 million tonnes by early 2008. This increase will accelerate the industry's emphasis on promoting North American consumption of both classic and designer (high stability canola) oils.

Increased domestic crush will also drive the need to identify opportunities for meal utilization, particularly in the face of increasing meal/DDG volumes created by biofuels production. The industry will need to focus on maximizing value for meal.

We expect increased demand to trigger increased prices for canola. It will be critically important to ensure that our customers are able to demonstrate to their end-users that canola offers superior value.

Setting Concrete Goals and Measuring Performance

In 2006, the Board of Directors of the Canola Council of Canada⁸, which is the industry's value chain organization, undertook an analysis of mega market trends as well as the global and domestic competition that will impact the industry over the next ten years. This work projected a period at least five years of extraordinary demand growth, led by biodiesel. Then the Council commissioned an independent study to determine the industry's current maximum production potential, which is believed to be 15 million tonnes per annum, accounting for increases in yield and acreage potential.

Based upon these findings, the industry has developed specific goals which it believes can be achieved by 2015.

Canadian Canola Industry Goals for 2015

Element	2006	2015 Target
Production Acres Yield	9.1 million tonnes 13 million 30.5 bu/acre	15 million tonnes 30% increase 35% increase <i>Acre and yield increase will be variable.</i>
Oil content	42.5% average	45% average
Ratio of Classic to Designer (tonnes)	90/10	75/25
Meal	2000 kcals/kg energy content (poultry)	10% increase (90% of soybean meal energy level)
Export Seed	5.2 million tonnes	7.5 million tonnes
Japan	2.00 million tonnes	2.00 million tonnes
Mexico	1.20 million tonnes	1.50 million tonnes
US	0.50 million tonnes	1.00 million tonnes
EU	0.00 million tonnes	1.00 million tonnes
Other (Pakistan, China, etc.)	1.50 million tonnes	2.00 million tonnes
Domestic Crush	3.7 million tonnes	7.5 million tonnes
Biodiesel (domestic) ⁹	0.05 million tonnes	2.00 million tonnes
Biodiesel (export oil)	0.25 million tonnes	0.50 million tonnes
Food (domestic & export)	3.40 million tonnes	5.00 million tonnes

⁸ The Council's 2007 board of directors includes representatives from: Alberta Canola Producers Commission, Agricore United, Archer Daniels Midland, Bayer CropScience, Bunge, Canadian BioEnergy Corporation, Canadian Canola Growers Association, Cargill Limited (2), Dow AgroSciences, James Richardson International (2), Louis Dreyfus Commodities, Manitoba Canola Growers Association, Monsanto Canada, Saskatchewan Canola Development Commission, Saskatchewan Wheat Pool.

⁹ Although the term used is biodiesel, it is possible that market demand will be comprised of a variety of other non-food applications, such as bio-lubricants, biopolymers, etc.

Getting from Here to There

In order to achieve these 2015 goals, the industry will need to:

- Continue to innovate across the value chain, from production to finished product
- Adapt quickly to changes in global market, production and regulatory environments with emphasis on key markets
- Focus efforts/initiatives on those geographical markets and market segments within them which will place value on canola's specific attributes
- Build on our genuine belief that canola can contribute positively to improved consumer health and to a better environment

In 2007, the Council and its affiliated organizations will develop work plans that build further on the activities begun in order to fulfil the industry's Seven by Seven objectives and will cover: crop production, research, market development and policy advocacy.

Major initiatives will include:

- Canola nutrition research
- Meal improvement strategy
- Canola quality improvements
- Global acceptance of science-based regulatory regimes
- Bio-products and biodiesel advocacy
- Expanded but focused canola promotion
- Production innovations
- Trade liberalization

What the industry hopes to achieve and how it intends to get there is captured within the industry's new mission statement:

**The Canadian Canola Industry...Innovative.
Resilient. Determined to create superior
value and a healthier world.**

The 2015 goals and mission statement reflect our belief that there is now an unparalleled opportunity for the industry to grow over the next ten years. We have the product, the people, the passion and we've put together a realistic plan to succeed.