



OUR FIELDS OUR FUTURE

2010 Annual Report



OUR VISION.

The **Canola Council of Canada** (CCC) is on track to achieve the targets of **Canola. Growing Great 2015**, our industry-wide strategy to create 15 million tonnes of sustained market demand and production by 2015. To reach these goals, we have established five strategic objectives:

- Increase **sustainable production**
- Increase **consumption and value**
- Improve **market access**
- Improve **quality**
- Improve **understanding** of the canola industry

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Increase Consumption and Value **6** Improve Market Access **10** Improve Quality **12** Improve Understanding **14**

MT = METRIC TONNES

ELEMENT

PRODUCTION

OIL CONTENT

CLASSIC TO DESIGNER

MEAL

EXPORT SEED

CRUSH:
FOOD AND BIODIESEL

2006

9.1 MILLION MT

42.5% AVERAGE

90/10

2000 KCALS/KG
ENERGY CONTENT
(Poultry)

5.2 MILLION MT

3.7 MILLION MT

2015 TARGET

15 MILLION MT

45% AVERAGE

75/25

10% INCREASE
(90% OF SOYBEAN
MEAL ENERGY LEVEL)

7.5 MILLION MT

7.5 MILLION MT



MESSAGE FROM THE PRESIDENT AND CHAIRMAN

OUR Farmers. OUR Future.

In the past year one thing has become very clear for the canola industry - the power of our export markets. They define both our crop and our products. We have always known that the customer drives demand, but more and more our export markets are defining what happens on our canola farms as they introduce non-tariff barriers.

A fundamental job of the Canola Council of Canada (CCC) is to open, maintain and expand markets for Canada's canola crop. That's good for our industry but it's also good for Canada; our industry adds \$14 billion per year to the Canadian economy and is responsible for 216,000 jobs. Recognizing that, the federal government contributed funding to support our push on market access in 2010 with particular emphasis on non-tariff barriers to trade. We continued throughout the year to identify the exact needs of each of our export customers and relay this information to our growers so they can employ the very best production practices to satisfy our customers' needs.

The basis of our industry is profitability for farmers. If they don't grow canola, we don't have an industry. But of course, they do grow canola, because it is a profitable crop worth \$5.6 billion in farm cash receipts. And there is great potential for growth – growth that we as an industry believe will reach 15 million tonnes of sustainable canola production by 2015. Our crush and export industry is responding to meet this production challenge.

In 2010 we reached 11.8 million tonnes of canola production, which is not a record but it's not far off. That's incredible when you consider the wet conditions in many parts of the Prairies. Those growers

who got the seed in the ground were able for the most part to take off a good crop. The confidence growers place in canola speaks volumes – with significant acres forecast for 2011. Like the farmers who grow it, canola is resilient. The investment that industry makes in developing more resilient varieties is paying off. With grower and industry dollars and federal government funding, the CCC is overseeing more research projects than at any time in our history, and much of it is focused on improving the resilience and value of canola.

The CCC reached out to many growers over the past year to help them work with the new technology that is available to them. From practices on the farm to online and mobile technology, the CCC is striving to move the industry forward through innovation.

We invite you to read through this annual report to learn more about our efforts in the field and around the world to increase profitability for growers.



JoAnne Buth
President
Canola Council of Canada



Richard Wansbutter
Chair
Canola Council of Canada
Board of Directors



2010 Board of Directors

LEFT TO RIGHT

BACK ROW

Ernie Sirski, Ed Shafer, Richard Wansbutter
(Chairman), Brian Conn, Shaun Wildman

MIDDLE ROW

Greg Porozni, Lach Coburn, Garth Hodges,
Terry Youzwa, Kevin Brassington

FRONT ROW

Woody Galloway, Adrian Man,
JoAnne Buth (President),
David Dzisiak, Neil Arbuckle.

Missing: Ken Stone, Patrick Van Osch



OUR Core Founders



Bayer CropScience



INCREASE SUSTAINABLE PRODUCTION

Overcoming Challenges

Many canola growers will remember 2010 for its production challenges, but canola growers continue to rise to these challenges. Canola production for 2010 is estimated at 11.8 million tonnes, down slightly from the previous two years. Intended acres in 2010 were 16.8 million, a record, but heavy rains and spring flooding in eastern Saskatchewan and Manitoba left many acres unseeded or drowned out.

Drought gripped most of the Peace River region again in 2010, but many canola fields showed a surprising resilience, yielding better than expected under harsh circumstances. Clubroot continues to spread in Alberta, but growers are using resistant varieties, longer rotations and equipment sanitation to manage the threat.

Canola Clinics

Combine Clinics were a focus in 2010 as harvest losses have been assessed at two to five bushels per acre. The clinics provided growers with critical operational tips to reduce these harvest losses. With more canola in the bin and less canola in the field, growers generate higher revenues with lower costs. The CCC, in partnership with provincial grower groups, hosted sold-out combine clinics in Saskatoon, Saskatchewan in January 2010 and Vegreville,

Alberta in July 2010. For those flooded acres that did not produce a crop in 2010, we are supporting growers in doing what they can to bring these acres back to full productivity in 2011. The CCC, again in partnership with the provincial grower groups, hosted an unseeded acres clinic in Humboldt, Saskatchewan in November 2010 to help growers and agronomists address fertility, weed control, and moisture management challenges for those acres.

Canola Watch

Canola Watch, a “just in time” communications program, was expanded in scope and reach in 2010. This accessible free email newsletter provides growers, agronomists, retailers and all other key players in canola production with timely technical information on seeding, fertility, pest management, harvest and storage that is critical to their farm businesses. Canola Watch advises growers on agronomic issues and the appropriate actions required to maximize yield and quality, making it a key tool in our goal to increase sustainable canola production. In 2010, the CCC expanded Canola Watch into the fall and winter, providing the latest research and agronomic advice on storage, rotation management, and crop establishment.

OUR Commitment to Research

Our industry understands that crop production research provides the foundation for sustainable growth. The CCC, canola industry and Agriculture and Agri-Food Canada will invest \$9.4 million over the next three years to bring new agronomic information to canola growers and agronomists. This research will focus on all priority areas of canola production.

It's **our research**. It's **our future**.



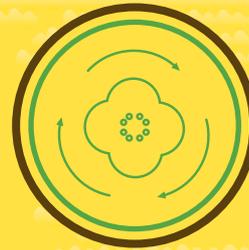
STORAGE MANAGEMENT



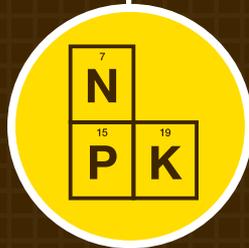
HARVEST MANAGEMENT



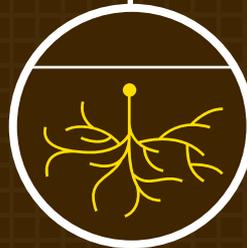
CROP PROTECTION



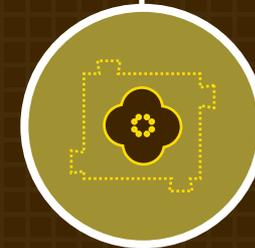
SUSTAINABILITY



CROP NUTRITION



CROP ESTABLISHMENT



INTERGRATED CROP MANAGEMENT



INCREASE CONSUMPTION AND VALUE

OUR markets

From the United States to Japan, Canadian canola has established a strong global presence. Through market development activities, **our approach** is to generate demand and increase the value of Canadian canola in our major markets.

Canola demand is big.
Our future is even bigger.



CANADA

Canola oil and meal are widely consumed across Canada. However, due to our relatively small population, the majority of our canola goes to export.

Canola oil consumption: 0.49 million MT
Canola meal consumption: 0.76 million MT
Total value: \$610 million



UNITED STATES

A consistent powerhouse market, the U.S. is one of the largest buyers of seed, oil and meal. Our ongoing development efforts in this market have created steady demand and high value for canola and its products.

Seed exports: 0.69 million MT
Oil exports: 1.05 million MT
Meal exports: 1.14 million MT
Total export value: \$1.5 billion



MEXICO

Mexico has emerged as a consistent buyer of Canadian canola seed, supporting a domestic crushing and refining industry and bringing value to the Mexican economy.

Seed exports: 1.23 million MT
Meal exports: 0.21 million MT
Total export value: \$700 million



CHINA

China has become one of our most important markets. Considerable resources are being invested in developing the future potential of this diverse market.

Seed exports: 2.25 million MT

Oil exports: 0.65 million MT

Meal exports: 0.43 million MT

Total export value: \$1.8 billion

New studies show the significant **ECONOMIC ACTIVITY** that Canadian canola generates in our key markets

CANADA

\$14 billion per year with over 216,000 jobs

UNITED STATES

\$1.6 billion per year with over 3,400 jobs

MEXICO

\$700 million per year with over 4,600 jobs



JAPAN

Our most consistent seed customer, we place great value in our ongoing relationship with Japan.

Seed exports: 2.01 million MT

Total export value: \$1 billion

OTHER MARKETS

Across the globe, new markets for canola are steadily emerging.

UAE seed exports: 0.46 million MT

Pakistan seed exports: 0.31 million MT

Bangladesh seed exports: 0.11 million MT

South Korea oil exports: 0.03 million MT

INCREASE CONSUMPTION AND VALUE

OUR Hearts. OUR Health.

CanolaInfo, our promotion program for use of canola oil in food, continued with efforts in 2010 to increase the value and consumption of canola oil through outreach to media, health and culinary professionals, and the food industry. Heart health was an overarching theme, while new recipes stirred up ideas on diabetes-friendly cooking with canola oil.

From cardiologists to culinary and nutrition celebrities, CanolaInfo spokespeople made canola oil sizzle in print, online and on the airwaves. For example, Cheryl Forberg, R.D., consulting dietitian to NBC-TV's "The Biggest Loser," James Beard award-winning recipe developer and *New York Times* best-selling author, made canola oil "the biggest winner" in the diabetes-friendly kitchen with her "Healthy Holiday Recipe Collection." CanolaInfo also increased its presence on Facebook and Twitter as well as in the blogosphere. Total consumer impressions generated by quarterly media campaigns in the U.S. were estimated at 700 million.



For the first time, CanolaInfo partnered with the World Heart Federation to promote World Heart Day on September 26th, 2010 in North America. Working with chefs representing six countries – the U.S., Canada, Mexico, China, Japan and India – CanolaInfo created the "World Heart-Smart Recipe Collection," media campaign with print and online resources. The message was clear: cardiovascular disease (CVD) affects us all, but we have the power to prevent it 80 percent of the time with a healthy lifestyle. This includes choosing the right types of fat like canola oil.



Across the globe CanolaInfo promoted heart health, including at the World Expo Canada Pavilion in Shanghai with both a Chinese cardiologist and Canadian chef. Current and potential importers and journalists learned about how canola oil can help reduce risk of CVD in a country that is hugely affected by it.

Valuing our long-term relationship with Japan, the CCC helped to facilitate meetings between Canadian canola exporters and the Japanese oilseed industry in Alberta and Tokyo. Japan is a consistent seed customer and canola oil is now the No. 1 edible oil in Japan.

The promotion year culminated with a *Men's Health* reporter saying on CBS-TV's The Early Show, "In 2011, swap vegetable oil for canola oil across the board."

Canola Meal

Opportunities to promote canola meal continue to increase as more studies show its value, particularly for increased milk production in dairy cows. In 2010, the CCC supported canola meal promotional efforts in California, the top meal importing state in the U.S.

The CCC also conducted canola meal dairy feeding trials in China and explored new markets for aquaculture there as well.

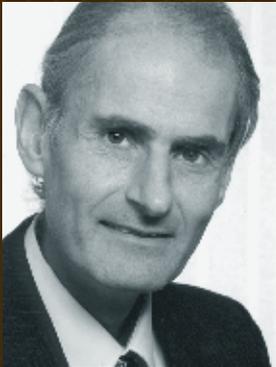
OUR Research

The CCC is dedicated to finding future opportunities for canola demand through research. Here are two ongoing studies that will have a major impact on our future.

Effect of Canola Oil as Part of a Low Glycemic Load Diet on Glucose Control and Coronary Heart Disease Risk Factors in Type 2 Diabetes



DR. DAVID JENKINS (UNIVERSITY OF TORONTO)



The overall objective of the study is to determine if canola oil improves blood sugar control in type 2 diabetes, and to assess whether these outcomes relate to improvements in cardiovascular health. The results will support inclusion of canola oil in the diets of people with diabetes, and will also define the wide range of heart health benefits of canola oil in individuals with impaired blood sugar control.

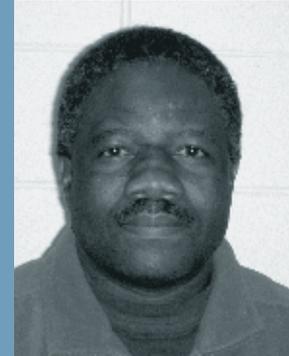
"There has been enormous interest in omega-3 fat and canola oil is a sustainable source of it. Canola oil also contains monounsaturated fat, thereby providing some of the benefits of the Mediterranean diet. This diet is acknowledged as being important for cardiovascular health. That makes canola oil essential in the context of diabetes as cardiovascular disease is one of its major consequences."



Maximize Use of Canola Meal in Dairy Feeds



DR. TIM MUTSVANGWA (UNIVERSITY OF SASKATCHEWAN)



The objective of this research is to examine the mechanisms by which canola meal enhances milk production in dairy cattle, and to determine and measure the factors that influence that response. A portion of the research will focus on the efficiency of amino acid utilization of dairy cows fed canola meal under a variety of feeding regimes. Information from the research will be provided to feed industry nutritionists so that canola meal can be accurately formulated into dairy cow diets.

"This research should provide validation to the claimed benefits of canola meal, mainly the increase in milk production yields that result from canola meal being used as a portion of the dairy ration or in combination with other protein sources. This validation should help to increase the value of canola meal and therefore benefit the Canadian canola industry as a whole."

IMPROVE MARKET ACCESS

OUR Canola Market Access Plan

Market access is fundamental to our industry's success. We export approximately 90 percent of our canola production and we rely heavily on significant sales to a relatively small number of markets. The U.S., Japan, Mexico and China make up the majority of our exports. An issue of growing importance to Canada's canola industry is restrictions on market access in these major markets as well as in potential export markets.

That's why, with the support of Agriculture and Agri-Food Canada, the CCC has undertaken a comprehensive initiative to maintain and increase access to current and potential markets. It's called the Canola Market Access Plan 2015 (CMAP). The CMAP is a comprehensive approach to addressing export market issues that threaten the health of Canada's canola industry, and the livelihoods of our growers. It is a four-pronged approach:

- // **A Long Term Global Strategy**, the purpose of which is to identify the potential for new canola products in existing markets; analyze potential opportunities for seed, oil and meal in countries where we currently do not trade; determine potential threats and barriers to trade seed, oil and meal; and map out a plan to address all of these issues.
- // **A Rapid Response Plan** which is intended to be a protocol agreed upon in advance by all parties, to be implemented when canola faces an emerging market access issue.
- // **Country Specific Market Access Plans** outlining the initiatives necessary for secure, reliable access to key markets.
- // **A Communications and Outreach Strategy** to inform canola growers, governments and foreign markets on an ongoing basis about the development and implementation of CMAP.

Engaging OUR Plan

In 2010, the CCC spearheaded many initiatives to address immediate threats to canola's access to global markets. These included:

- // Collaborating with Chinese government to manage and mitigate the risk of blackleg disease in canola while maintaining a significant trade relationship for canola seed and products.
- // Defining for Canadian negotiators the trade priorities for the canola sector in the Canada-European Union: Comprehensive Economic and Trade Agreement.
- // Developing a comprehensive data package and working with the federal government to ensure compliance with biodiesel sustainability requirements in the United States and European Union.
- // Advocating for the adoption of low level presence regulatory frameworks for genetically modified products in Canada and in major canola importing nations.

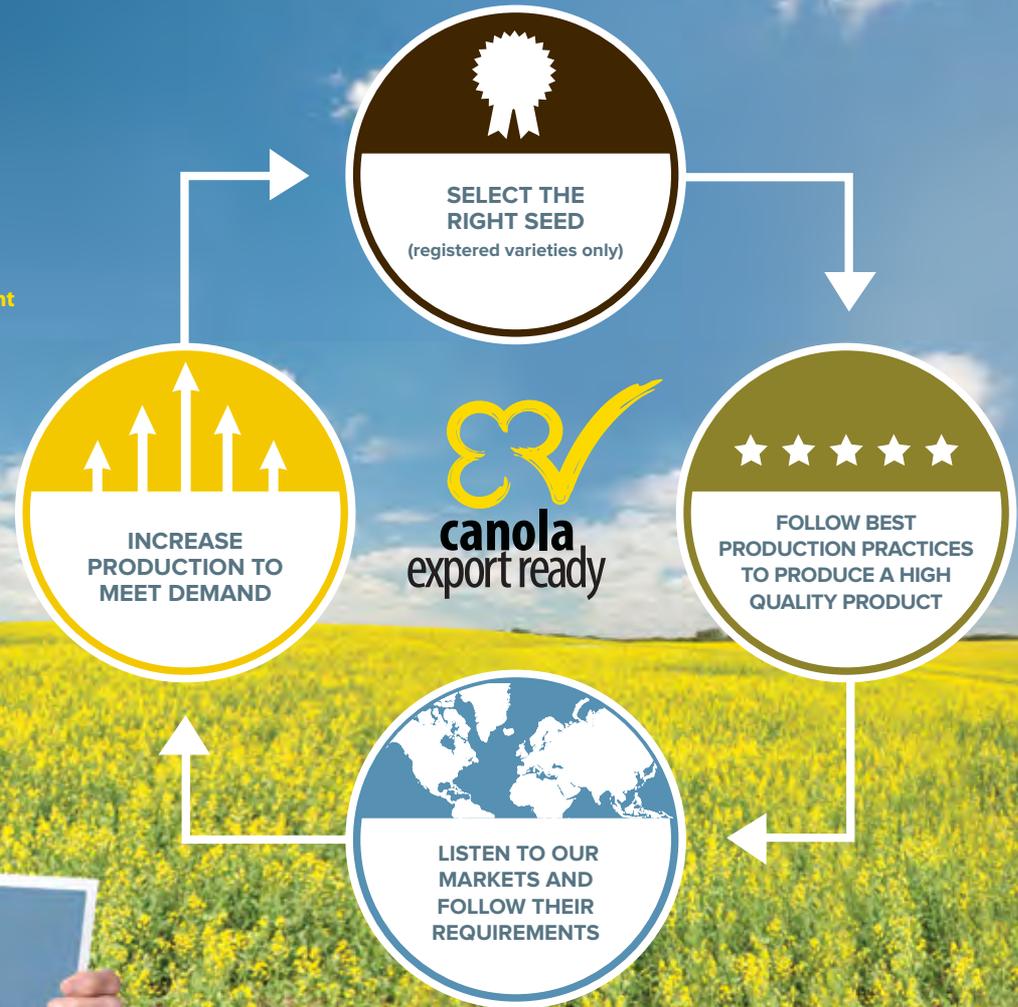
Export Ready

In order to meet export market requirements and therefore maintain and expand our export markets, there needs to be a continuing focus on raising awareness of issues and practices at the grower level that could block access to important export markets.

Through CMAP, the CCC delivers the Export Ready program, which reaches out to farmers with information about issues that impact market access: deregistered varieties, malathion, pesticide use and certain agronomic practices.

OUR Exports

Overcoming challenges to access global markets is **our priority**. The CCC, canola industry and Agriculture and Agri-Food Canada will invest \$9 million over the next 3 years to ensure that **our canola** exports meet the expectations of **our global markets**. Through programs like Export Ready the CCC is addressing **our commitment** to international canola customers.



MY CANOLA IS
READY TO
EXPORT

IMPROVE QUALITY

Minimizing green seed content

Green counts tend to be higher when canola crops are late or maturity is uneven. Uniform and rapid stand establishment, an important part of our management message for 2010, leads to earlier maturity and more uniform crop at harvest. A canola crop with 10 plants per square foot emerging at the same time is more likely to reach its yield potential and also has fewer branches. A plant with fewer branches has overall faster maturity, which leads to more timely harvest and lower chlorophyll levels.

Timeliness of swathing

The best time to swath for yield and quality is when 50 percent to 60 percent of seeds on the main stem have started to turn colour. Canola Watch gave us a chance to share this message through the 2010 harvest, but also to adjust the message when heavy frost forced some growers to swath immediately to limit losses from premature shattering.



Harvest management

Growers want to harvest every canola seed so they can maximize yield and eliminate volunteers in the weedbank. Growers want to harvest at eight percent moisture and 15°C to reduce drying and conditioning costs. And growers want to keep dockage and green material out of the mix because they are potential start points for heating.

We know that hitting each of these targets is difficult, but through our new Combine Clinics we are spreading the word on how combine settings can go a long way toward improving quality, preventing spoilage and reducing harvest losses - which are regularly within a range of two to five bushels per acre.

Storage

Higher oil content in canola seed, bigger bins and challenging harvests – especially in 2010 – make drying, cooling and regular monitoring of stored canola more important than ever. As the canola business in Western Canada grows, monitoring on-farm storage for up to 12 months will be essential to prevent spoilage and maintain our high standards for quality.

Disease, insect and weed control

Through Canola Watch, news releases and regular contact with growers, we continue to spread the word on disease control to maintain yield, seed quality, and harvestability. We emphasize timely weed management and economic control thresholds for insects. And we remind growers to heed pre-harvest intervals for pesticide application. The goal, from a quality perspective, is to prevent disease and insect damage to seed as well as weed seeds in the sample.

Oil Content

In the 2009-10 crop year our average oil content was 44.4 percent, bringing us closer to our 2015 goal of 45 percent. The Western Canada Canola/Rapeseed Recommending Committee is just one way in which the bar has been raised on oil content.



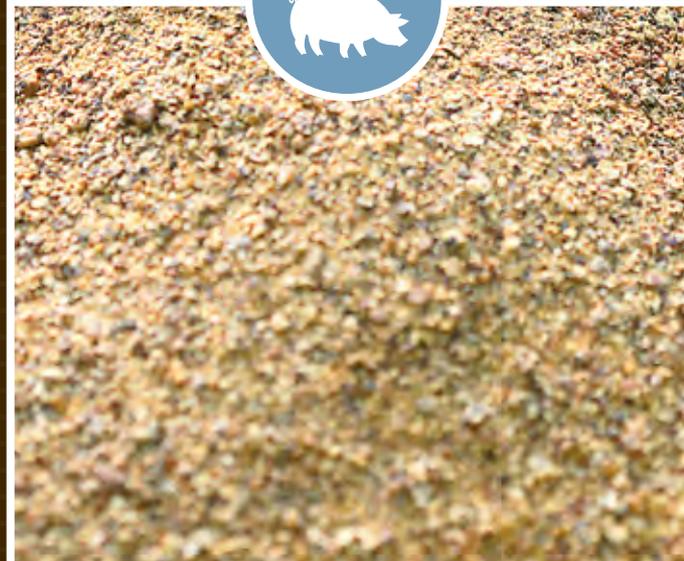
CANADIAN CANOLA SEED OIL CONTENT

Source: Canadian Grain Commission
8.5% Moisture Basis



Meal Energy

Research is ongoing to increase the metabolizable energy and inclusion levels of canola meal in swine and poultry feeds. This is to address the canola industry's 2015 target of a 10 percent increase in poultry metabolizable energy. The first stage of research looked at the individual and combined effects of canola genetics (lower fibre canola varieties), canola meal processing procedures (lower temperatures) and the use of dietary enzymes on the energy value of canola meal. The results from the first stage studies were promising in that a 10-15 percent increase in energy may be possible through changes to fibre levels and the use of enzymes. The current Science Cluster research is focusing on the combined effects of genetics (lower fibre content) and dietary enzymes on metabolizable energy.



IMPROVE UNDERSTANDING

OUR Outreach to Governments and Industry

In 2010, the CCC continued to build relations with governments at all levels – federal, provincial and global.

We held a 'Canola Outreach Day on the Hill' in Ottawa in November, 2010 in association with a meeting of the CCC board of directors. The event involved meetings with Ministers, MPs and senior officials.

The CCC appeared before the Parliamentary Agriculture Committee dealing with regulations on seeds developed through genetic modification. We took the opportunity to explain the benefits of biotechnology to farmers and industry.

We organized numerous meetings with MPs from all parties to discuss canola issues and public policy issues.

We maintained contacts with foreign nation trade offices in Canada including the EU, the U.S., Australia, New Zealand and others.

OUR Outreach to Growers

In 2010 our Crop Production staff participated in 52 grower meetings with 2,428 participants. They represented the CCC at six tradeshow and conducted over 30 crop walks/tours and farm visits reaching over 1,036 growers.

Our agronomists responded to 1,479 individual calls, and participated in 67 radio and TV interviews.

Our approach to agronomic news releases changed with greater emphasis on in-season reminders on critical topics that impact grower profitability.

Our Combine Clinics in Saskatoon and Vegreville attracted a total of 850 participants.

OUR Communications

GROWING CANADA

Our canola industry received the first-ever **Growing Canada** Award from CropLife Canada for the extraordinary example of working in partnership to create a leading-edge industry.



ANNUAL CONVENTION

The theme of the 2010 annual convention in San Francisco, California was **The Power of Yellow** featuring an impressive line-up of speakers who brought unique perspectives to our industry. Conference attendees gave very positive feedback.



CANOLA INK

Our industry received this biweekly e-newsletter featuring relevant information about how we are promoting canola in Canada and other markets around the world.



CANOLA CLIPBOARD

We continued to email this newsletter to Members of Parliament and senior government officials as part of our ongoing efforts to ensure that the federal government understands and supports our industry.

CANOLA DIGEST

The four issues of **Canola Digest** reached 43,000 canola growers. Although the magazine maintained a strong grower focus with specific information on agronomic issues, it also provided information about our efforts to maintain and expand canola markets around the world, and about our commitment to research.



OUR INDUSTRY.

“The confidence the industry has shown in the past year provides further momentum for growth in what is already one of Canada’s greatest agricultural success stories.”

RICHARD WANSBUTTER

Chair

Canola Council of Canada Board of Directors

OUR CANOLA.

“Our industry is the result of innovation and we continue to invest in the resilience of our crop and its profitability for Canadian farmers.”

JOANNE BUTH

*President
Canola Council of Canada*





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

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