

GROWING

ABOVE & BEYOND



2013 Annual Report

2013

A
PIVOTAL
YEAR FOR
OUR
INDUSTRY



GROWING **ABOVE** OUR 2015 TARGETS

ELEMENT		2013 RESULTS	2015 TARGET
Production	>	18 million MT	15 million MT
Oil Content	>	45.1% average	45% average
Classic to Designer	>	84/16*	75/25
Meal Energy Content	>	2000 kcals/kg	2200 kcals/kg
Export Seed	>	7.1 million MT	7.5 million MT
Processing	>	6.5 million MT	7.5 million MT

MT = Metric Tonnes

Crush volume and export seed numbers are for 2012/13 crop year.

All other statistics are for 2013 calendar year.

*Industry estimate

LOOKING **BEYOND** TO NEW OPPORTUNITIES

Best use of agronomic knowledge

Improved information tools

Expanding appetite for healthy foods

Growing demand for animal feed

Progress on market access issues



MESSAGE FROM THE CHAIRMAN

As 2013 unfolded, it was clear that this industry hadn't neared the limits of what we can achieve.

Growers broke through our production targets by a huge margin. Demand continued to grow, spurred on by new evidence of canola's value. And behind the scenes, research was unlocking new solutions to important agronomic challenges.

Through the Canola Council of Canada, our industry makes the most of these opportunities. Backed by the Council's capable team, we are continually setting our sights higher, and addressing any challenges to our progress. This partnership of growers, seed developers, processors and exporters is the competitive edge that maintains Canada's leadership in the global canola marketplace.

With your ongoing support, we'll continue to grow in the years ahead.

Terry Youzwa
Chairman



MESSAGE FROM THE PRESIDENT

The past year confirmed what the industry has sensed for some time: We've outgrown our own dreams. We surpassed our 2015 goals two years ahead of schedule, thanks to the cooperation of the weather and the commitment of the entire value chain. We also made headway on key market access issues, with encouraging signs that global cooperation and science-based approaches are gaining ground.

Now it's time to prepare for the next level of growth. As 2013 drew to a close, we were preparing to launch a new strategic plan that will guide our industry to new goals in the decade ahead.

We look forward to working with the entire value chain as we embark on this exciting new phase, buoyed by our remarkable progress in 2013.

Patti Miller
President

2013 BOARD OF DIRECTORS



TOP ROW / LEFT TO RIGHT

Neil Arbuckle, Ken Campbell, Brian Chorney, Brian Conn, Conor Dobson, Dave Dzisiak

MIDDLE ROW / LEFT TO RIGHT

Colin Felstad, Woody Galloway, Ian Grant, Todd Hames, Adrian Man, Dean McQueen

BOTTOM ROW / LEFT TO RIGHT

Neil Sabourin, Ken Stone, Patrick Van Osch, Shaun Wildman, Terry Youzwa

OUR CORE FUNDERS



NEW HIGHS IN PRODUCTION AND YIELD

Many crops set new production records in 2013, thanks to excellent growing conditions.

At 18 million tonnes, the results for canola were particularly dramatic.

The crop was 23 per cent bigger than the previous record high of 14.6 million tonnes, and 20 per cent above the industry's 2015 target of 15 million tonnes.

This huge productivity boost suggests more than weather was behind the record-breaking results of 2013. Improvements in seed, crop management and information transfer all played a role in helping growers make the most of ideal conditions.

Because these factors are so important, the Canola Council is expanding the range of tools available to the industry as we continue to move production higher.



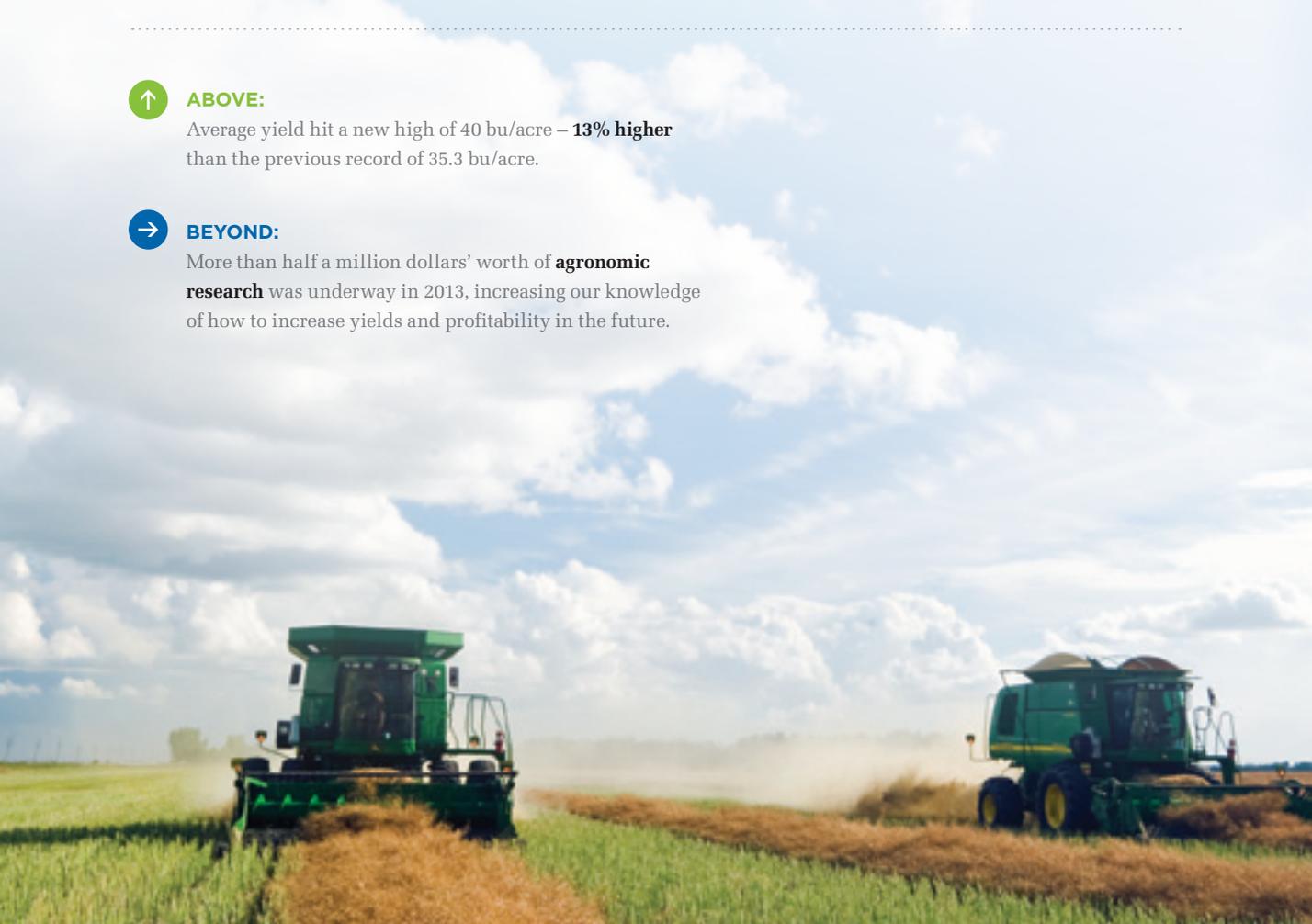
ABOVE:

Average yield hit a new high of 40 bu/acre – **13% higher** than the previous record of 35.3 bu/acre.



BEYOND:

More than half a million dollars' worth of **agronomic research** was underway in 2013, increasing our knowledge of how to increase yields and profitability in the future.



INSTANT ANSWERS, JUST A FEW CLICKS AWAY

In 2013, the Canola Council website brought new decision-making tools to every computer and smartphone:

- **Canola Encyclopedia** provides reliable, comprehensive information on every agronomic topic.
- **The Variety Selection Tool** harnesses the data of the annual **Canola Performance Trials**.
- **The Canola Diagnostic Tool** zeroes in on possible causes of plant problems through an interactive questionnaire.
- **The Spray-to-Swath Interval Calculator** helps growers use the right products for their crop stage and harvest schedule.
- **The Canola Watch e-newsletter** delivers the right information to growers at the right time, with alerts on crop management challenges and links to online tools.
- **Clubroot.ca** remains the single most comprehensive resource for learning and dealing with clubroot, a disease that continues to move across the Prairies.

NEW WAYS TO SHARE EXPERT ADVICE

Working in partnership with provincial grower groups, the Canola Council explored new means of sharing best practices with the industry in 2013:

- **The Ultimate Canola Challenge** demonstrated the effects of different combinations of inputs and practices at 11 locations.

- **The Science Special Edition of *Canola Digest*** updated growers and agronomic advisers of the findings of 30 new research projects.
- **CanoLAB** provided an unusual opportunity to examine live plants, insects and treatment results outside the growing season, while directly interacting with highly regarded experts. The event drew capacity crowds at all three locations.

LOOKING FORWARD

The Canola Council joined forces with researchers and funding partners to identify and address long-term challenges:

- **Cost-shared research funding** was focused on pest and disease management, emergence constraints, nutrient management, drought tolerance and shatter resistance.
- **The International Clubroot Workshop** brought together experts from four continents to share the latest knowledge.
- **The Canola Discovery Forum** encouraged all value chain members to exchange insights and leading-edge ideas for sustainable and profitable production.
- **The Blackleg Strategic Plan** was developed to guide essential blackleg research and extension efforts as the industry strives to stay ahead of this disease.

OUR AGRONOMY TEAM IN ACTION

467

Presentations, crop walks
and field tours

6,140

Audience members reached

232

Media interviews

455

Extension calls

112

Retail visits

52

Meetings with researchers

122

Hours of agronomy training
delivered to industry

756

Hours of agronomy/research liaison

GROWING DEMAND FOR CANOLA OIL

Global sales of canola continued to rise in 2013. In key export markets, the growth of the middle class created a bigger appetite for healthier foods, which in turn prompted consumers to seek out oils with low saturated fat and high culinary quality.

The Canola Council made the most of these opportunities through vigorous promotion. Canola oil marketing intensified in key export markets, backed up by compelling new evidence of the product's health advantages.



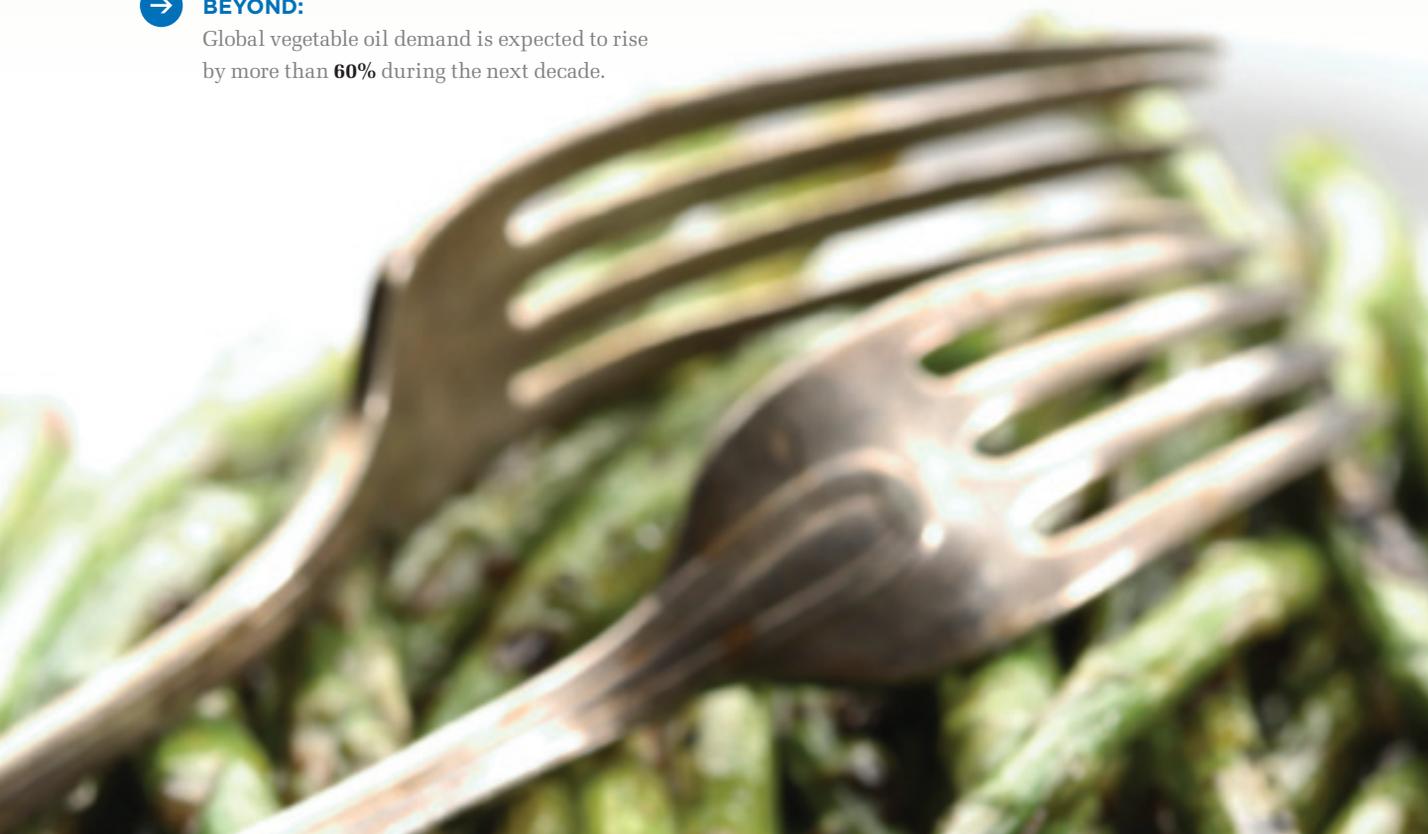
ABOVE:

Canadian crush capacity has nearly doubled over the past five years. Since 2008 the industry has invested more than **\$1 billion** to expand Canada's processing infrastructure – a strong vote of confidence in the growing demand for canola products.



BEYOND:

Global vegetable oil demand is expected to rise by more than **60%** during the next decade.



MORE VALIDATION OF HEALTH BENEFITS

Canola's reputation as a healthy oil was reinforced by new research and scientific reviews that grabbed headlines around the world:

- **Canola oil's ability to reduce belly fat** was confirmed by a study cost-shared by the Canola Council, provincial grower associations, member companies and the Canadian government. The study showed canola oil can reduce belly fat by 1.6 per cent in just four weeks when consumed in place of other oils.
- **Canola oil is healthier than some other vegetable oils**, according to the Canadian Medical Association. The CMA concluded in 2013 that oils with an optimum balance of omega-3 and omega-6 fats – like canola – are a healthier option.
- **Canola's ability to reduce heart disease and other chronic diseases** was confirmed by a comprehensive review of scientific studies over the past 25 years. The findings appeared in the peer-reviewed journal *Nutrition News*, and were publicized by a Canola Council news release that resulted in exposure to 76 million consumers.

RAISING CONSUMER AWARENESS

New highs in consumer engagement were achieved through CanolaInfo, our public information source on canola oil:

- **Alignment with heart-health** was reinforced through sponsorship of the American Heart Association's Face the Fats PSA campaign, which generated 237 million impressions.

- **Alignment with delicious cuisine** was strengthened through five recipe collections, including the Decades of Decadence dessert promotion that reached 5.2 million television viewers.
- **More than 58,000 Facebook users** "liked" the CanolaInfo page, compared to 13,000 just two years earlier.

SOLIDIFYING OUR MARKET BASE

Progress in new and established markets was signaled by the world's growing interest in healthy foods and the success of the Canola Council's market outreach activities.

- **A Chinese version of CanolaInfo.org** was planned to differentiate canola oil in China, where there is still little awareness of the differences from rapeseed.
- **Intentions to eliminate *trans* fats in the American diet** were announced by the U.S. Food and Drug Administration – a move that will oblige every U.S. restaurant and commercial food manufacturer to find healthier oil alternatives. The FDA announcement is expected to increase the demand for high-oleic canola oil, which fetches a premium price because of its naturally high stability and long shelf life.
- **Quality was assured** through improvements in average oil content and on-farm programs like Export Ready.
- **Media coverage grew** – in both well-established markets like Mexico and promising new markets like India – as the Canola Council introduced canola oil's virtues to local bloggers, journalists, celebrity chefs, nutritionists and cardiology experts.



ADDING VALUE TO CANOLA MEAL

Canola meal represents opportunity to increase the profitability of the entire canola industry. With world meat production expected to grow 30 per cent during the first two decades of this century,* the demand for high-quality feed ingredients will increase. Canola meal can offer unique advantages to this expanding market.

Meal promotion kicked into higher gear in 2013, particularly in promising markets like the U.S. These activities are increasing awareness of canola meal's ability to deliver more usable protein in livestock feed. The industry is also continuing to invest in research that will help livestock producers move to higher inclusion levels with greater confidence.

↑ **ABOVE:**
U.S. meal promotions earned top honours from the Canadian Agri-Marketing Association

→ **BEYOND:**
Research funding announced in 2013 is helping us learn more about the potential for higher inclusion rates in livestock feed

**Source: United Nations Food and Agriculture Organization*

“CANOLAMAZING” THE DAIRY SECTOR

The World Dairy Expo was the launching pad for promotions explaining canola meal's ability to increase milk production by delivering more usable protein past the rumen.

- **A bold staircase display** once again helped canola stand out at the Expo. The flashing billboard became the backdrop for an online contest and dairy feed discussions.
- **Canolamazing.com** became the new anchor for all meal promotions. The website is packed with practical tools and information, including the new Advanced Canola Meal Calculator, which allows nutritionists to cross-compare canola meal over a dozen other protein sources. In an online blog, dairy nutritionists and producers share real-life experiences with the product.
- **Trade articles** on canola meal's scientifically proven benefits appeared in leading North American publications like *Hoard's Dairyman*, *Progressive Dairy*, *Dairy Herd Management* and *Milk Producer*.

EARNING TRUST IN CHINA

Years of information-sharing and cooperation yielded progress in 2013, as the Canola Council continued to deepen understanding of canola meal's virtues among key influencers in the Chinese market.

- **National media attention** was generated by release of a year-long study on canola meal's productivity-boosting effects in Chinese dairies. Articles appeared in more than a dozen major business and industry publications in China.
- **Tongwei visited Canada** as the Canola Council's guest, enabling this important Chinese feed supplier to learn more about Canada's consistent and trusted supply of canola meal.
- **Audits of Canadian crush and meal processing facilities** were conducted by the Chinese import regulatory authority with assistance from the Canola Council and the Canadian Oilseed Processing Association. This was an important step toward registration under China's new regulations for import of protein animal feeds.

Creativity helped the Canola Council compete with much larger feed commodities for share of mind at the World Dairy Expo. On this staircase display, flashing chaser lights showed how canola delivers more protein directly to the business end of a dairy cow.



OUR GLOBAL CUSTOMERS



CANADA

WORLD CAPITAL OF
CANOLA PRODUCTION

64% of vegetable oil
consumed comes from canola

570,000 MT of canola
oil consumed

610,000 MT of canola
meal consumed

\$19.3 billion in economic
activity generated in Canada



U.S.

CONSISTENTLY A
POWERHOUSE MARKET

Number Two edible oil in the country

413,500 MT of canola seed imported

1.4 million MT of canola oil imported

Recognized by the FDA as reducing
heart disease risk

\$4.8 billion in economic activity
generated in U.S.



MEXICO

OUR FOURTH
LARGEST CUSTOMER

1.5 million MT of canola
seed imported

\$1.7 billion in economic
activity generated in Mexico

Canola Council of Canada

MAJOR BUYERS OF CANADIAN-GROWN CANOLA

Consumption is growing around the world because of sustained attention to market development, market access and research demonstrating canola's advantages.

Our major customers benefit when they import canola. They gain access to healthier oil and quality protein for animal feeds – as well as the economic benefits of transporting and processing canola products.

CHINA

A VAST AND GROWING MARKET

3.0 million MT of canola seed imported

1.0 million MT of canola oil imported

303,200 MT of canola meal imported

\$4 billion in economic activity generated in China



JAPAN

OUR MOST CONSISTENT AND LONG-STANDING CUSTOMER

Number One edible oil in the country

2.4 million MT of canola seed imported

\$1.5 billion customer

MOVING BEYOND TRADE RESTRICTIONS

With nearly 90 per cent of canola destined for export, open access to world markets is vital to our industry. The paths to success are understanding, cooperation and science-based approaches, supported by partnerships involving all industry stakeholders and governments, at home and abroad.

Our mechanism for working together has been the Canola Market Access Plan (CMAP), which concluded in 2013 after five successful years. By the end of the year we were ready to continue moving forward under new partnerships with government and industry. A new association management agreement with the Canadian Oilseed Processors Association is also strengthening our ability to respond to trade regulatory issues in a more effective, coordinated way.

ABOVE:



Canadian canola seed can now be accepted by 12 crushers in China, which equals nearly **6 million tonnes of access**

BEYOND:



CETA will position Canada to nearly double canola oil exports to Europe – an increase equating to **\$90 million in oil sales**

Source: Viterra Inc.

PROGRESS UNDER CMAP

Working with the Canadian government's Market Access Secretariat, we maintained or expanded \$2.3 billion of export business for the canola industry, and developed information tools that will assist our efforts in the future.

- **Access to China continued to expand** as the country authorized three more crushers to import Canadian canola seed, including the first in a rapeseed growing area since the blackleg quarantine order of 2009/10.
- **A comprehensive long-term strategy** was launched by the Canola Council early in 2013. Called *Market Access for the Future*, the plan outlines priorities for market access, and how industry and government can work together to tackle them.
- **Independent market impact studies** were commissioned by the Canola Council to quantify the jobs and wages generated in local economies when Canadian-grown canola is imported. The analyses illustrate how our major markets benefit when they do business with our industry.
- **Comprehensive responses on proposed U.S. food safety rules** were filed by the Council to encourage a responsible trading environment for food products and feed.
- **Japan** agreed to change its methodology on pesticide maximum residue levels, which will help to avert systemic delays of approvals in the future.

TRADE AGREEMENTS

The Canola Council ensured the industry's interests were on the agenda as major agreements were negotiated between Canada and important canola markets:

- A Comprehensive Economic and Trade Agreement (CETA) with Europe was reached in 2013.

- Trans-Pacific Partnership talks continued with the Canola Council present in Peru and Singapore.
- Canada-Japan Economic Partnership negotiations continued.

COORDINATED ACTION ON LLP

The Canola Council actively supports the Canadian government's efforts to establish a global approach to the low level presence (LLP) of genetically modified materials in imports and exports. Currently, no country has an LLP policy for food imports. A unified approach would help to keep food costs affordable and bring more certainty to the global trading environment.

- **More than 20 countries** have now joined the International Grain Trade Coalition, our partner in implementing of a global framework for LLP.
- **Fifteen countries** are now participating in roundtable discussions regarding the Global Low Level Presence Initiative, which will be on the agenda at future meetings of the World Trade Organization and the United Nations Food and Agriculture Organization.

The Market Access for the Future strategy guides us as we work with partners to overcome trade restrictions.



INSIGHTS TO TAKE OUR INDUSTRY FURTHER

By understanding our challenges and our potential, we create an environment in which the canola industry can thrive. We also rely on the understanding of others, whose decisions can affect our industry's competitiveness.

In 2013 the Canola Council took advantage of many opportunities to educate policymakers and bring greater clarity to discussions affecting our industry. We reached out to Canadians so they could better understand how their economic success is tied to the success of the canola industry. And finally, we channelled these insights into a new strategic plan to guide the development of our industry.



ABOVE:

Our economic impact study showed that canola contributes **\$19.3 billion** to the Canadian economy



BEYOND:

Our **2025 plan** provides a strategic road map for achieving new levels of growth and value

GOVERNMENT RELATIONS

The Council acted as the voice of the industry on federal policy matters:

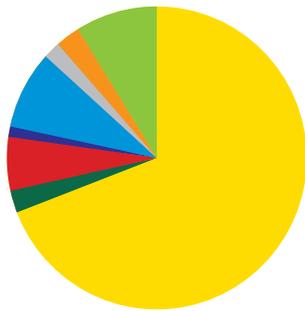
- **Thirteen submissions** were made on issues such as the federal budget, biofuel, food safety, labeling, international trade and regulatory cooperation.
- **Parliamentary committees** on Agriculture and International Trade invited presentations by the Council.
- **Several private-public committees** were chaired by the Council, including the Grains Roundtable's Market Access Committee and Trade Negotiations Committee.

- **Canola Clipboard** and other outreach provided Members of Parliament with regular updates on key issues of concern to the canola industry.

PUBLIC UNDERSTANDING

Canola's impact on the Canadian economy was quantified in an independent analysis that was released to the media by the Council. The study showed canola supports 249,000 jobs and generates \$19.3 billion in economic activity each year as the crop is grown, crushed, refined, transported to ports and processed into value-added products.

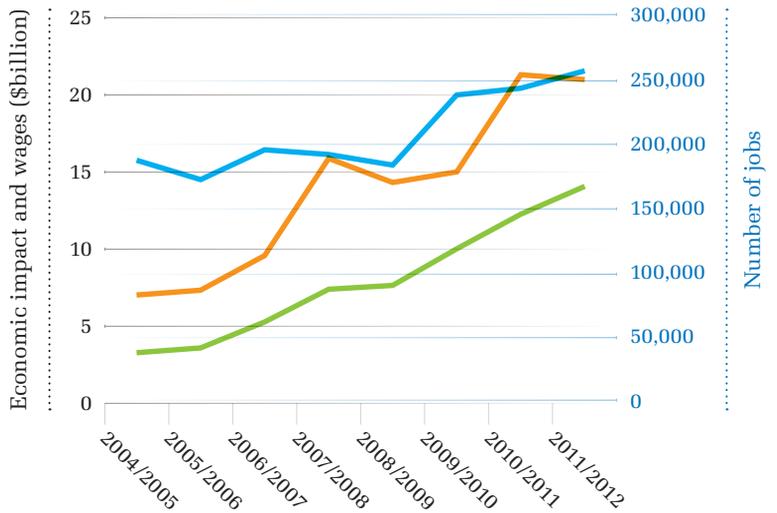
Canola fuels the growth of jobs and wages in a wide range of sectors. The Council is helping all Canadians and decision-makers appreciate the industry's importance.



Total Economic Impact by Sector

- Canola farming and seed development, **\$13.3 billion**
- Food end use, **\$1.7 billion**
- Livestock benefits, **\$525 million**
- Port activities, **\$348 million**
- Transportation, **\$1.6 billion**
- Refining, **\$206 million**
- Crushing, **\$1.1 billion**
- Elevation, **\$442 million**

- Jobs
- Economic Impact
- Wages



KEEP IT COMING

LOOKING BEYOND OUR 2015 PLAN

In 2013 we surpassed many of the targets of **Growing Great 2015**, the strategic plan that had guided the growth of the Canadian canola industry since 2008. *Growing Great 2015* mobilized the entire value chain toward the goal of producing 15 million MT of sustained market demand and production by 2015. Two years ahead of schedule, we arrived at our destination.

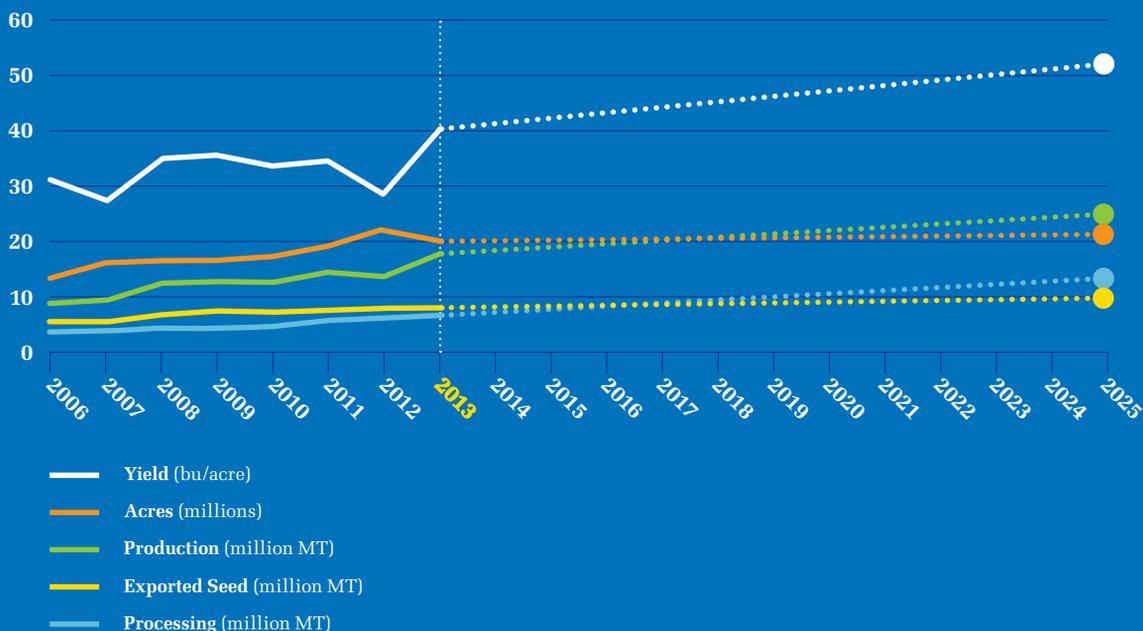
As 2013 drew to a close, the industry was ready to move the goal post farther. The result is a bold new strategy to secure 26 million MT of demand and an average yield of 52 bu/acre by 2025.

FAMILIAR ROADS, NEW DESTINATIONS

The new strategy builds on the fundamental strengths and tactics that have taken us this far, while setting our sights on new levels of value.

Our target is a 30 per cent increase in production beyond the record-breaking harvest of 2013, without a significant increase in canola acres. The plan is to achieve higher productivity from existing canola acres through improved use of agronomic knowledge and information tools, with an eye to the long-term sustainability of the industry.

The strategy also aims to increase the value of Canadian canola to all industry stakeholders, including the Canadians who grow, process and transport our products, and the global customers who rely on canola as a healthy source of food, feed and fuel. Our goal is to build on our progress in value-added processing, quality improvement and global marketing, ensuring that both supply and demand gain strength.



LEARN MORE ABOUT OUR STRATEGIC PLAN

→ VISIT WWW.KEEPITCOMING.CA



THE SCIENCE

download PDF at keepitcoming.ca/media-centre



THE STRATEGY

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INNOVATIVE.
RESILIENT.
DETERMINED
TO CREATE
SUPERIOR
VALUE AND
A HEALTHIER
WORLD.



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