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**Date:** 7/27/2012

**GAIN Report Number:** CA12031

## Canada

### Grain and Feed Update

#### July Quarterly 2012

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**Report Highlights:**

The open-market for western Canadian wheat and barley begins August 1, 2012. The Canadian industry has adjusted relatively quickly since the infrastructure already exists as western Canadian farmers were producing and marketing non-board grains as well as grains under the mandate of the Canadian Wheat Board. Unlike in 2011/2012, spring seeding conditions for 2012/2013 have been highly favorable and early harvest is anticipated. Total wheat, barley, corn and oats production for 2012/2013 is forecast to increase 8% above year 2011/2012 levels to 50.6 MMT. Total exports of wheat, barley, corn and oats are expected to rise 3% in 2012/2013. Corn imports in 2012/2013 are forecast to fall nearly 45% from in 2011/2012 as a result of ample domestic supplies resulting from an anticipated 20% increase in domestic production.

**Production Outlook (General):**

2012/2013 heralds a new era of wheat and barley marketing for western Canadian grain producers. For the first time in nearly 70 years, the western Canadian wheat and barley markets will be operating in an open-market environment due to the Canadian Wheat Board (CWB) losing its single-desk authority and beginning its transition to a commercial entity on August 1, 2012. The Canadian industry has been quick to adjust since the infrastructure already exists as western Canadian farmers were producing and marketing non-board grains as well as grains under the mandate of the CWB. Canadian grain companies have moved in to fill the void left by the CWB. The CWB has managed to secure grain handling agreements with Canada's grain companies so the "new" CWB is a realistic option for producers. The most recent estimates of principle field crops areas show that producers did not make radically different planting decisions with regards to wheat or barley as a result of the opening of the market. Increases in wheat and barley are reflective of a return to more average levels of summer fallow. The estimates also suggest that corn production will increase significantly while oats production will decrease slightly. Total wheat, barley, corn and oats production for 2012/2013 is forecast to increase 8% above year 2011/2012 levels to 50.6 MMT. Total exports of wheat, barley, corn and oats are expected to rise 3% in 2012/2013. Corn imports in 2012/2013 are forecast to fall nearly 45% from in 2011/2012 as a result of ample domestic supplies resulting from a 20% increase in domestic production.

## **ALL WHEAT**

### **Production:**

**2012-2013:** A new era of wheat marketing for western Canadian farmers begins on August 1, 2012. This marks the end of the Canadian Wheat Board (CWB) acting as sole marketing agent for western Canada's wheat and barley. Despite this new marketing freedom - this will be the first crop year in nearly 70 years that western wheat producers will be responsible for marketing their wheat crop - seeding intentions surveys conducted in June indicate that no dramatic increases in wheat production are likely to occur. For 2012-2013, a return to more average yields is expected, and Post forecasts production levels to increase to 26,300 thousand metric tons (TMT), 4% increase above the five year average of 25,274 TMT and year 2011/2012 production levels. This increase is attributed mostly to a decrease in summer fallow compared to the previous two years where there were high rates of acreage abandonment due to extremely wet conditions in the spring. Wheat faced strong competition from oilseed crops this year, as economics strongly favored canola over wheat. Area seeded to canola jumped almost 13% from the previous year's levels. An early harvest is anticipated this year due to the early start afforded producers by the early (and drier) spring.

**2011-2012:** The production outlook looked bleak at the beginning of spring in 2011-2012 as western Canadian producers, for the second consecutive year, faced difficult and wet seeding conditions. These conditions led to the second largest rate of abandoned acreage in Western Canada since the 1970's. Despite area harvested being 10% below the five-year average, strong yields due to good growing conditions later in the season pulled production nearly 2% above the five-year average production levels to 25,261 TMT. Harvest quality reports are available from the Canada Grain Commission at the following URL address:

<http://www.grainscanada.gc.ca/wheat-ble/harvest-recolte/2011/hqww/hqww11-qrbol1-1-eng.htm>

### **Consumption:**

**2012/2013:** Total domestic consumption of wheat for 2012-2013 is forecast at 8,390 TMT, a 3% decrease from estimated 2011-2012 total domestic consumption levels. This decrease is due to the slight increase in food, seed and industrial being unable to off-set the anticipated significant decrease in feed usage compared to 2011/2012 levels.

Feed use in 2011/2012 was supported by carry-over supplies of lower quality wheat and with higher wheat quality anticipated for 2012/2013, the practice of using wheat as feed will likely decrease. Feed wheat usage for 2012/2013 is forecast to fall to 3,271 TMT, which represents a 9% drop from year 2011/2012 expected levels.

In 2012/2013, wheat for food, seed and industrial (FSI) purposes is forecast to rise to 5,119 TMT, but remain close to 2011/2012 estimated levels. There has been a trend toward increased use of wheat for industrial purposes over the last 5 years as the domestic Canadian ethanol for fuel industry prepared itself to meet the federal mandate that came into effect in December 15, 2010. The federal mandate requires 2% renewable fuel content in the national gasoline pool. Canada's main feedstocks for ethanol production are corn and wheat. The Canadian ethanol industry is forecast to use approximately 1,090 TMT of wheat during the marketing year 2012/2013 to make ethanol. This represents an increase of 20% from marketing year 2011/2012 levels. Lower supplies due to lower carry-in stocks will limit domestic consumption for food purposes in 2012/2013 and partially offset the increased usage of wheat for ethanol production.

**2011/2012:** Total domestic consumption for 2011/2012 is expected to reach 8,687 TMT, a 13% increase over year 2010/2011 levels and a 14% increase over the five year average. This increase is due in part to increased usage of wheat for feed purposes made possible by large supplies of lower quality wheat, as well as an increased demand by the Canadian ethanol industry for wheat to use as ethanol production feedstock. The Canadian ethanol industry is expected to use approximately 900 TMT of wheat in marketing year 2011/2012. This represents a 17% increase over year 2010/2011 estimated usage of wheat for ethanol production purposes.

#### **Stocks:**

**2012/2013:** Stocks in 2012/2013 are forecast to be drawn down slightly as the 4% increase in production forecast for 2012/2013 is not enough to offset low carry-in stocks. Carry-out stocks in 2012/2013 are anticipated to fall to 5,800 TMT, the lowest they have been in 10 years.

**2011/2012:** Stocks in 2011/2012 are expected to be drawn down to 6,000 TMT due to the fact that 2011-2012 production increases are not high enough to off-set increases in exports and domestic consumption.

#### **Trade:**

##### ***Imports:***

**2012/2013:** Wheat imports in 2012/2013 are forecast to fall to 390 TMT, approximately 13% below the crop marketing year 2011/2012 estimated level. The reason for this anticipated drop a return to more normal import levels as the logistical issues around obtaining supply after the CWB loses its single desk authority on August 1, 2012 are worked out.

**2011/2012:** Based on 10 months of import data which shows the pace of wheat imports (on a marketing year basis) running almost 20% above the 5-year average, total wheat imports for 2011-2012 are estimated to reach 450 TMT. This represents a 9% increase from the previous year's wheat import level of 413 TMT. The pace of wheat grain imports are nearly 40% above the 5 year average, and the pace wheat product imports, which account for more than 85% of the total wheat imports into Canada, is running 15% above the five-year average. This is the highest level of wheat imports in over 10 years and may be the result of low carry-in stocks combined with some companies building up stocks as a result of uncertainty on how the mandate changes to the CWB will affect planning horizons to ensure adequate supplies. Security of supply was the advantage that the Canadian Wheat Board afforded the domestic industry as the CWB was the sole marketer of wheat and barley for domestic food purposes. The CWB acted as a full service supplier as it took care of logistics, dealt with intermediaries and could deliver the product on time. With this advantage being eliminated as of August 1, 2011, the domestic food industry is likely to maintain higher stocks to counter this new element of supply risk. Users of grain for food purposes will now have to negotiate supply and prices with several grain companies.

***Exports:***

**2012/2013:** Despite lower carry-in stocks, exports in 2012-2013 are forecast to rise to 18,500 TMT which represents a small increase over year 2011/2012 expected exports levels. This increase is due to continued strong demand for wheat.

**2011/2012:** Based on 10 months of trade data, wheat grain exports for 2011/2012 are expected to reach 18,200 TMT, close to the 5 year average of 18,001 TMT and almost 10% above year 2010/2011 exports levels which had been limited due to lower supplies. The increase in production in 2011/2012, as well as an increase in the supply of higher quality wheat has meant that Canada has been able to respond for the strong world demand for hard wheat.

**Additional Policy Considerations:**

CWB and Grain Handling Agreements: Despite long standing arguments that the CWB would never be able to operate without its single desk authority because it lacked grain handling facilities, the CWB has managed to come to grain handling agreements with the major grain companies operating in Canada. This has made the CWB a realistic option for Canadian grain producers.

Impact on Transportation: It will be interesting to see how transportation of grain evolves after August 1, 2012. The government has announced funding to support the Port of Churchill to try to encourage this routing. While total volume of exports is not expected to be affected by the Canadian Wheat Board mandate changes in the near term, there is an expectation that a greater volume of grain will be going out through U.S. ports due to the transportation channels that currently exist and that may be exploited

differently with the CWB's role in transportation being diminished. In addition, although the volume will likely not be significant, there is also the expectation that Western Canadian wheat producers close to the U.S. Canada border and close to U.S. grain elevators will arrange to deliver to U.S. grain elevators after August 1, 2011 in order to exercise their newly acquired right to do so. Increased volatility is also anticipated as private traders will want to have things delivered at the same times. The CWB, as sole marketer, was very good at smoothing out the demand spikes.

Appeal Process Concluded: The Canadian government won their appeal of the December 7, 2011 declaration by a Federal judge that stated that Minister Ritz had acted illegally when he introduced the "Freedom for Grain Farmers Act" into Parliament. This is the legislation that introduced the mandate changes of the CWB. The declaration was the basis of a series of court challenges, including 2 class action suits against the federal government. The government's win seriously weakens the merits of the court challenges, although the Friends of the Canadian Wheat Board and their allies have vowed to continue fighting.

### **Production, Supply and Demand Data Statistics:**

Wheat Canada	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,269	8,269	8,545	8,544	9,350	9,420
Beginning Stocks	7,829	7,829	7,176	7,176	5,136	6,000
Production	23,167	23,167	25,260	25,261	26,600	26,300
MY Imports	444	413	400	450	400	390
TY Imports	429	403	400	450	400	390
TY Imp. from U.S.	330	309	0	450	0	390
Total Supply	31,440	31,409	32,836	32,887	32,136	32,690
MY Exports	16,575	16,576	17,300	18,200	18,500	18,500
TY Exports	16,768	16,768	17,300	18,075	18,500	18,500
Feed and Residual	2,839	2,819	5,500	3,608	2,700	3,271
FSI Consumption	4,850	4,838	4,900	5,079	5,150	5,119
Total Consumption	7,689	7,657	10,400	8,687	7,850	8,390
Ending Stocks	7,176	7,176	5,136	6,000	5,786	5,800
Total Distribution	31,440	31,409	32,836	32,887	32,136	32,690
1000 HA, 1000 MT, MT/HA						

### **BARLEY**

## **Production:**

**2012/2013:** Seeding intention surveys suggest that barley farmers will be planting more barley this year than they did the previous year. Barley production is forecast to rise in 2012/2013 to 8,550 TMT, up 10% from the previous year, but still over 10% below the five-year average of 9,540 TMT. Barley production increases are driven by a return to more normal levels of summer fallow and the fact that barley is one of the higher returning crops in the rotation.

**2011/2012:** Barley production in 2011/2012 was 7,756 TMT. Barley suffered some weather related production problems in the spring, although it was not as severe as wheat. Strong yields resulting from good weather later in the growing season resulted in higher than expected yields and helped pull barley production up 2% above the previous year's level, despite less area harvested. Quality reports on the barley by the Canada Grains Commission are available at the following URL address:

<http://www.grainscanada.gc.ca/barley-orge/hqbm-mqro-eng.htm>

## **Consumption:**

**2012/2013:** Total domestic consumption for barley in 2012/2013 is expected to remain relatively stable compared to the previous year's levels. This is due to the very low carry-in stocks offsetting the forecast increase in production. With domestic supplies remaining relatively flat, domestic consumption is expected to also remain relatively unchanged compared to the previous year's level. Feed usage is forecast at 6,205 TMT and food, seed and industrial usage is forecast at 1,090 TMT.

**2011/2012:** Total domestic consumption of barley in 2011/2012 is expected to decrease 5% due mainly to decreased supplies of feed barley, a warm winter, and lower cattle numbers.

## **Stocks:**

**2012/2013:** Barley stocks are forecast to be pulled up in 2012/2013 due to increased production that will help lift domestic supplies. Barley carry-out stocks are forecast to rise to 900 TMT, well below average stock levels.

**2011/2012:** Barley stocks in 2011-2012 are expected to be pulled down further to historically low levels as a result of production increases not being high enough to off-set the low carry-in stocks.

## **Trade:**

***Exports:***

**2012/2013:** Barley exports in 2012/2013 are expected to remain flat in response to tight domestic supplies which will limit exports. Barley exports are forecast to be 1,200 TMT. Only about 20-25 percent of barley supplies are exported as the majority of the barley is consumed domestically, mostly as feed grain.

**2011/2012:** Ten months of trade data suggests that barley exports in 2011/2012 are on track to reach 1,255 TMT which is close to the previous' year's level of 1,207 TMT. Tight domestic supplies combined with a strong domestic demand, are keeping barley exports almost 25% below the five-year average of 1,655 TMT.

**Additional policy considerations:**

Changes to Malt Barley Grading: With the changes to the Canadian Wheat Board mandate, there have been some developments in the way that barley will be graded in the upcoming year. Currently barley is classed as malting, hulless or general purpose. The Canadian Grain Commission has announced that as of August 1, 2012, barley will be classed as food, malting or general purpose, and each class will have hulless and covered varieties. The Canadian Grain Commission hopes that this will help promote an increased range of end-uses. For example, customers may now be made aware of a variety that under the current system is classified as a hulless variety, but under the new system would be classified as malting barley. These changes are likely the result of an increasing demand for lower quality barley from China and other countries to make beer. At this time, only approximately 20% of the Canadian barley production is selected as malting barley.

CWB Mandate Changes Affects on Barley: Mandate changes of the CWB will also affect barley but not to the same extent that it will affect the wheat. This is due to the fact that a good percentage of the barley in Canada is used for domestic feed and was already outside the mandate of the Canadian Wheat Board. There is more volatility expected with feed barley now that Canadian farmers can act on unexpected feed barley export opportunities. Domestic feed lot operators may face additional risks for this reason, especially this year were there may be an increase demand for feed grains from the United States depending on what happens with the U.S. corn crop. For Canadian maltsters, the elimination of the CWB as sole marketer of barley for feed use means that they lose the advantage of having a stable supply and will likely hold more stocks to manage supply risk.



**Production, Supply and Demand Data Statistics:**

Barley Canada	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,387	2,387	2,365	2,365	2,620	2,650
Beginning Stocks	2,583	2,583	1,441	1,441	751	800
Production	7,605	7,605	7,760	7,756	8,500	8,550
MY Imports	44	44	50	45	50	45
TY Imports	53	53	50	45	50	45
TY Imp. from U.S.	53	53	0	0	0	45
Total Supply	10,232	10,232	9,251	9,242	9,301	9,395
MY Exports	1,207	1,207	1,200	1,255	1,100	1,200
TY Exports	1,052	1,052	1,300	1,400	1,100	1,200
Feed and Residual	6,449	6,406	6,200	6,168	6,300	6,205
FSI Consumption	1,135	1,178	1,100	1,019	1,000	1,090
Total Consumption	7,584	7,584	7,300	7,187	7,300	7,295
Ending Stocks	1,441	1,441	751	800	901	900
Total Distribution	10,232	10,232	9,251	9,242	9,301	9,395

1000 HA, 1000 MT, MT/HA

**CORN****Production:**

**2012/2012:** June seeding intention surveys show that area seeded to corn is likely to increase 20% over the previous year's levels. Corn production is forecast to reach 12,950 TMT, which is 20% above the five year average of 10,858 TMT. While there is currently concern that the dry conditions being experienced in some regions of Quebec and Ontario will lower corn production numbers in these areas, corn growing conditions in Manitoba have been excellent and a bumper crop is expected which could help off-set potential losses in Quebec and Ontario. According to Environment Canada, it is a few weeks too early to determine if the dry weather will have an impact on the pollination of Quebec and Ontario corn.

**2011/2012:** Corn production in 2011-2012 fell to 10,689 TMT, a decrease of nearly 9% from the previous year's levels. This decrease reflects a return to more normal production levels.

**Consumption:**

**2012/2013:** Total domestic consumption in 2012/2013 is forecast at 12,150 TMT, more than 8% above the previous year's level and 4% above the 5-year average. This increase is due in part to more corn being used as feed as supplies of feed quality wheat disappear, as well as an increased demand for corn for feedstock for ethanol production.

Corn for feed is forecast to increase to 6,436 TMT, an 11% increase from year 2011/2012 levels. Feed, seed and industrial (FSI) usage of corn is expected to rise to 5,714 TMT in 2012/2013. This is an increase of 6% from 2011/2012 levels and is reflective of an increase in demand from the Canadian ethanol industry for corn as feedstock for ethanol production. A federal mandate requiring 5% renewable fuel content in the national gasoline pool came into effect on December 15, 2010 and it is estimated that the Canadian ethanol industry will consume approximately 3,700 TMT of corn feedstock during the corn 2012/2013 marketing year.

**2011/2012:** Total domestic consumption for corn in 2011/2012 is 11,187 TMT. This 2% decrease from the previous year's levels is a result of increased usage of corn for ethanol purpose not being high enough to off-set the decreased usage of corn for feed resulting from large supplies of feed wheat being available. Expected feed use for 2011/2012 is 5,800 TMT, while expected corn use for FSI purposes is 5,387 TMT. The increase in FSI usage of corn in 2011/2012 is attributed to the increased demand for corn by the Canadian ethanol industry. It is estimated that the Canadian ethanol industry will consume 3,345 TMT of corn in the 2011/2012 marketing, an increase of 33% over the previous year's requirements.

#### **Stocks:**

**2012/2013:** The significant increase in production is forecast to increase supplies and help lift stocks in 2012/2013. Post forecast carry-out stocks to rise to 1,600 TMT.

**2011/2012:** Stocks in 2011/2012 are expected to remain at relatively the same levels as the decrease in domestic consumption off-sets the decrease in production and low carry-in stocks. Carry-out stocks in 2011/2012 are expected to be 1,300 TMT.

#### **Trade:**

##### ***Imports:***

**2012/2013:** Corn imports in 2012/2013 are forecast to fall nearly 45% from the previous year's expected levels due to forecast increases in production which will more than off-set the low carry-in stocks. Corn imports for 2012-2013 are forecast at 500 TMT.

**2011/2012:** Corn imports in 2011-2012 are expected to reach 900 TMT. While this is a relatively close to 2010/2011 import levels of 960 TMT, it is well below the five-year average of 2,030 TMT. Corn imports have been limited by higher than average domestic supplies of corn resulting from increases in domestic corn production.

**Exports:**

**2012/2013:** Corn exports levels in 2012/2013 are forecast to increase due to ample domestic supplies resulting from a forecasted 20% increase in production compared the previous year. The increases in domestic supplies will more than off-set the forecasted increase in domestic consumption. Corn exports are forecast to reach 1,000 TMT.

**2011/2012:** Nine months of trade data suggest that corn export levels in 2011/2012 will be close to 380 TMT, representing a return to normal exports levels after the highs experienced in 2010-2011. Corn exports have fluctuated wildly in recent years in response to spikes in domestic supplies. The ten year export average is 485 TMT.

**Production, Supply and Demand Data Statistics:**

Corn Canada	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,203	1,203	1,200	1,202	1,430	1,450
Beginning Stocks	1,758	1,758	1,278	1,278	1,678	1,300
Production	11,714	11,715	10,700	10,689	13,000	12,950
MY Imports	949	960	900	900	500	500
TY Imports	974	985	900	810	500	500
TY Imp. from U.S.	973	985	0	810	0	500
Total Supply	14,421	14,433	12,878	12,867	15,178	14,750
MY Exports	1,709	1,710	400	380	800	1,000
TY Exports	1,657	1,657	400	380	800	1,000
Feed and Residual	6,674	6,682	5,800	5,800	7,600	6,436
FSI Consumption	4,760	4,763	5,000	5,387	5,200	5,714
Total Consumption	11,434	11,445	10,800	11,187	12,800	12,150
Ending Stocks	1,278	1,278	1,678	1,300	1,578	1,600
Total Distribution	14,421	14,433	12,878	12,867	15,178	14,750

1000 HA, 1000 MT, MT/HA

**OATS****Production:**

**2012/2013:** June seeding intentions surveys suggest that oat producers were still struggling with wet seeding condition and as a result are likely to plant slightly less area to oats in 2012/2013. Oat production in 2012-2013 is forecast to decrease to 2,850 TMT, well below the 5-year average, and 5% below the previous year's production level.

**2011/2012:** Oat production in 2011-2012 was 2,997 TMT, well below the 5-year average of 3,500 TMT. Oat production in 2011-2012, was higher than expected despite wet spring conditions, for the second consecutive year, which lead to high rate of acreage abandonment. Higher than expected yields due to favorable weather conditions during the growing season helped pull up production.

### **Consumption:**

**2012/2013:** Domestic consumption of oats in 2012-2013 is expected to fall to 1,370 TMT. The further decrease in supplies is forecast to lead to a corresponding decreased usage of oats in the milling industry as well as for feed use. Domestic consumption of oats for feed use in 2012/2013 is forecast at 801 TMT, while oats for food, seed and industrial purposes is forecast at 569 TMT.

**2011/2012:** Domestic consumption of oats in 2011/2012 has been affected by flat supplies resulting from low carry-in stocks and below average production levels resulting from soggy spring conditions. Domestic consumption is expected to fall to 1,466 TMT, 23% below the five-year average. Tight supplies are expected to reduce feed usage to 821 TMT, down over 30% from the five year average, while food, seed and industrial usage is expected to fall to 645 TMT, 7% below the five-year average.

### **Stocks:**

**2012/2013:** Stocks in 2012/2013 will be drawn down due to a decrease in supplies resulting from low carry-in stocks and a decrease in domestic production compared to the previous year. The decrease in domestic consumption will not be enough to off-set lower domestic supplies. Carry-out stocks are forecast to fall to the extremely low level of 400 TMT.

**2011/2012:** Increases in production in 2011/2012 are not expected to be enough to off-set the low carry-in stocks. Carry-out stocks are expected to be drawn down to 600 TMT, well below normal stock levels.

### **Trade:**

**2012/2013:** A steady demand for milling oats and increased supplies will help support oats exports in 2012/2013. Oats exports are forecast to be 1,700 TMT, close to 2011/2012 export levels. Oat exports continue to be below the five year average as oats exports have been hit by a decreased demand for oats for feed as it was mostly used to feed horses. During economic slowdowns such as we are currently experiencing, luxury goods such as horses are among the first things that are given up.

**2011/2012:** Ten months of trade data show that oat exports in 2011/2012 are on track to reach 1,715 TMT, due mostly to a continued strong demand for milling oats in the United States. While this is a

24% increase from the previous year's level, it remains far below the 5-year average of 1,864 TMT.

### **Production, Supply and Demand Data Statistics:**

Oats Canada	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	906	906	1,030	1,030	1,000	1,000
Beginning Stocks	1,170	1,170	769	769	634	600
Production	2,480	2,480	3,000	2,997	2,950	2,850
MY Imports	24	25	15	15	20	20
TY Imports	18	18	15	15	20	20
TY Imp. from U.S.	18	18	0	15	0	20
Total Supply	3,674	3,675	3,784	3,781	3,604	3,470
MY Exports	1,376	1,375	1,600	1,715	1,600	1,700
TY Exports	1,497	1,496	1,600	1,640	1,600	1,700
Feed and Residual	779	817	850	821	750	801
FSI Consumption	750	714	700	645	650	569
Total Consumption	1,529	1,531	1,550	1,466	1,400	1,370
Ending Stocks	769	769	634	600	604	400
Total Distribution	3,674	3,675	3,784	3,781	3,604	3,470

1000 HA, 1000 MT, MT/HA

### **RECENT AND UPCOMING POLICY DEVELOPMENTS:**

#### **August 1, 2012: Part 2 of the Marketing Freedom for Grain Farmers Act Comes in Effect:**

A new era for wheat marketing begins on August 1, 2012 when part two of the *Marketing Freedom for Grain Farmers Act* comes into effect. The divisive Bill C-18, also known as the *Marketing Freedom for Grain Farmers Act (the Act)*, received royal assent and became law on December 15, 2011. It is a five-part piece of legislation that seeks to transition the Canadian Wheat Board from a state trading enterprise to a commercial entity within 5 years. Part 2 of the Act repeals the *Canadian Wheat Board Act* and replaces it with the *Canadian Wheat Board Interim Operations Act (CWB Interim Operations Act)*. The CWB's monopoly over the grain is eliminated and anyone can buy, sell and deliver any grain. As of August 1, 2012, the CWB will operate voluntary pools. While the single desk powers are eliminated, the CWB retains the government guarantees of initial payments (for producers who choose to participate in the pools) and the borrowing guarantees that existed in the previous CWB Act. The CWB loses its exclusive powers to direct/ship grain. With regards to the powers to direct/ship grain, there are some transitional provisions built into the Act. Section 46 of the *CWB Interim Operations Act* extends for a period of three months the CWB's powers to direct/ship grain that has been sold and delivered to the CWB *prior* to August 1, 2012.

More on details on the Marketing Freedom for Grain Farmers Act can be found in FAS report CA, available at the following URL address:

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Bill%20C-18%20-%20The%20Marketing%20Freedom%20for%20Grain%20Farmers%20Act\\_Ottawa\\_Canada\\_11-03-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Bill%20C-18%20-%20The%20Marketing%20Freedom%20for%20Grain%20Farmers%20Act_Ottawa_Canada_11-03-2011.pdf)

### **New Food Safety Bill Introduced into the Canadian Parliament:**

On June 7, 2012, the Canadian Government introduced the *Safe Food for Canadians Act*, into the Senate. The proposed legislation seeks to consolidate the authorities of the Fish Inspection Act, the Canadian Agricultural Products Act, the Meat Inspection Act and the Food Provisions of the Consumer Packaging and Labeling Act. This is designed to support the Canadian Food Inspection Agency's (CFIA) efforts to modernize by standardizing its inspection approach to better provide consistent and appropriate oversight across all regulated food commodities. The bill implements tougher penalties for activities that put health and safety at risk, as well as improving traceability. It also seeks to improve controls over imports by introducing an importer licensing scheme and it provides CFIA with the authority to certify all food commodities for export. On the CFIA website, there is a note that the proposed legislation seeks to align Canada's food safety system with international trading partners, such as the *Food Safety Modernization Act* in the United States. The legislation, for the most part, was well received by industry.

The Safe Food for Canadians Act (short title) can be viewed at the following URL address:

<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=5654899>

The press release by the CFIA is available at the following URL address:

<http://www.inspection.gc.ca/about-the-cfia/acts-and-regulations/initiatives/sfca/eng/1338796071420/1338796152395>

### **ADDITIONAL RESOURCES:**

#### **Crop Reports:**

The June 25 report on of the Preliminary Estimates of Principle Field Crops is available at the following website: <http://www.statcan.gc.ca/pub/22-002-x/22-002-x2012004-eng.pdf>

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