CANADIAN CANOLA GROWERS ASSOCIATION

2024/2025

Canola

Growing for Canada

Canola, a **made-in-Canada crop**, is a powerful driver of the Canadian economy, creating jobs and adding value.

- **40,000 farmers** produce on average **19 million tonnes of canola** annually; half is processed in Canada as value-added oil and meal
- Canola is the **#1 source of farm revenue** for Canadian farmers, earning **$13.7 billion** in farm cash receipts in 2023
- Canola contributes **$43.7 billion per year** to the Canadian economy
- Canola industry supports **206,000 Canadian jobs**
- Canola exports were valued at **$15.8 billion** in 2023

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ⓘ **Canadian canola can be found in products worldwide, such as cooking oil, animal feed, biofuel, and cosmetics.**

Trade & Market Diversification

Farmers prosper from free trade, clear and predictable rules, and diverse markets.

GROWTH OPPORTUNITIES:
Pursue a Canadian trade strategy that positions Canada as a top supplier of canola for food, fuel, and feed, expands agriculture exports, and prioritizes rules-based trade. Continue to build reliable and mutually beneficial trade relations with our biggest trading partners.

Trade is key to the competitiveness and growth of the canola sector. Modernization of the World Trade Organization and full implementation of Canada's bilateral agreements opens borders, expands trade, and improves the resiliency of supply chains. Canadian farmers provide high quality canola to the world, but they need science-based trade rules to grow and diversify markets.

In 2023, over 90% of canola seed was exported to only five markets, including the U.S. and Mexico. The Canada-United States-Mexico Agreement review will occur in 2026; leveraging these close trade relations will help to maintain and grow our market presence in the region.

The fast-growing Indo-Pacific region presents exciting opportunities for market diversification. Commercially meaningful free trade agreements with Indonesia and the Association of Southeast Asian Nations combined with investments in market access activities should be core to Canada's Indo-Pacific strategy. The on-the-ground technical expertise from the Indo-Pacific Agriculture and Agri-Food Office will help our sector manage evolving regulatory requirements and generate market access solutions.

Top 5 Market Values

United States:
$8.6 billion

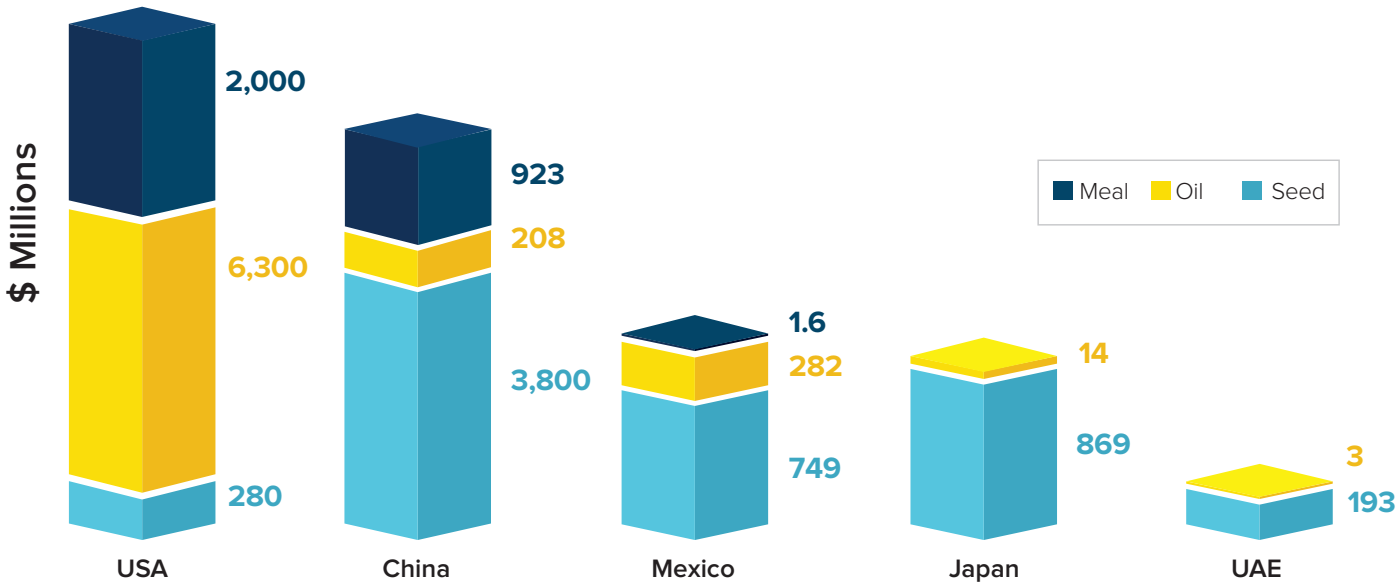
China:
$5 billion

Mexico:
$1 billion

Japan:
$883 million

United Arab Emirates:
$196 million

Value of Top Export Markets[2] ($Millions)



[1] Wolinetz, M., Harrison, S. 2023. Biofuels in Canada 2023, Tracking biofuel consumption, feedstocks and avoided greenhouse gas emissions. Navius Research Inc. 50-51
[2] Statistics Canada, Canadian International Merchandise Trade Database

Biofuel: A Growing Market

Canola is a domestically sourced biofuel feedstock that can play a role in reducing greenhouse gas (GHG) emissions in national transportation fuel supplies while providing a growing market for farmers[1]. In 2023, canola oil exports to the U.S. increased 40%, following canola oil being approved for use in U.S. renewable fuel production in 2022.

The canola sector is mobilizing to produce and process more canola domestically with canola processing announcements made in 2021 beginning to come online. These investments support growth for Canada by creating stable domestic demand for canola farmers, bringing well-paid jobs to rural communities, increasing value-added exports resulting in economic growth, and helping to reduce GHG emissions.

Canada is the **#1 exporter of canola in the world**

From Farm to Port to Customer

ⓘ **The average tonne of Canadian-grown canola travels 1,520 km to reach a Canadian port**

Farmers prosper when there is a reliable transportation network to ship their product.

GROWTH OPPORTUNITIES: Extend Transport Canada's extended interswitching pilot by 30 months with a path to permanency and build adaptable and resilient trade infrastructure.

Over 90% of canola grown in Canada is exported to customers all over the world. Bulk rail shipping is the only practical means to move canola seed, oil, and meal from the areas of production to export position.

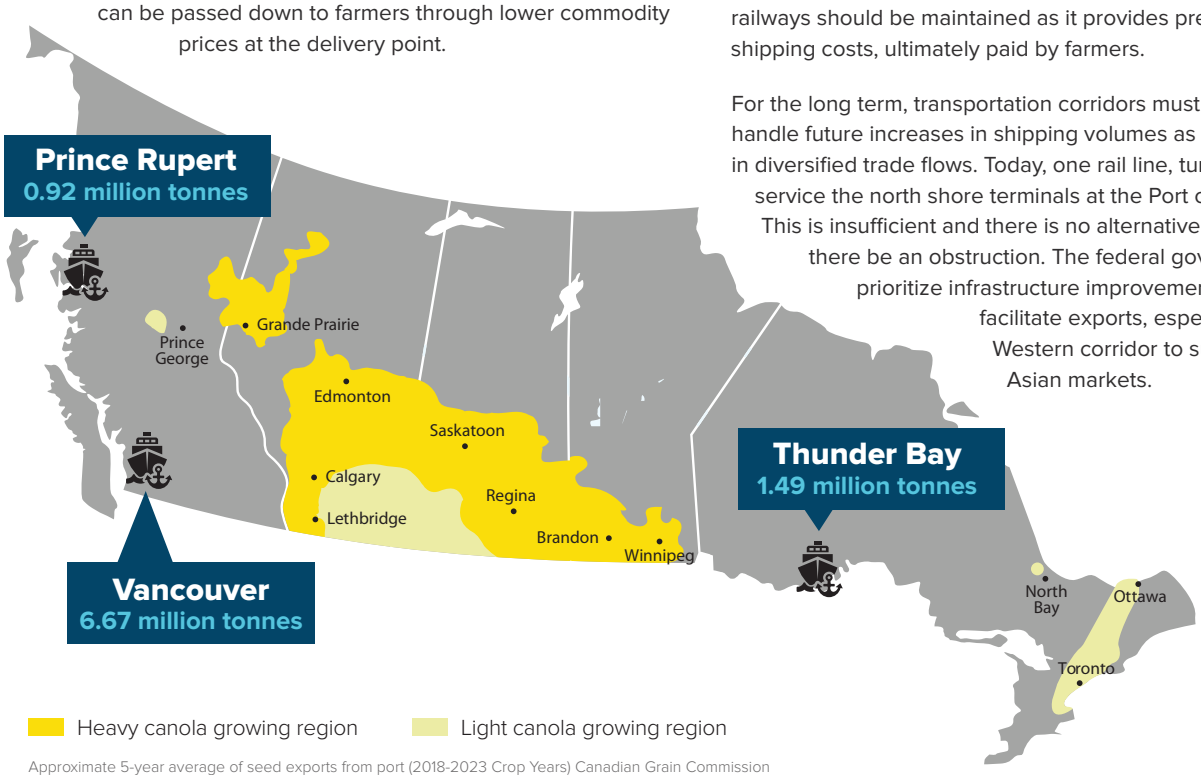
Rail system failures impact farmers financially and competitively.

- When railways can't deliver on service, or transportation is halted, grain and process elevators quickly fill to capacity. Even if a contract is in place, farmers are unable to sell canola, constraining their farm cash flow.
- Rail transportation delays slow the loading of canola at port, resulting in extra costs such as demurrage fees. These costs can be passed down to farmers through lower commodity prices at the delivery point.
- When global customers do not receive their products on time, Canada's reputation as a reliable supplier is eroded.

Extended interswitching can help alleviate transportation problems by keeping supply chains flowing and supporting competition between Canada's two Class I railways. With this tool, shippers who are physically located on a single rail line can seek competing service from the next closest railway within a specified distance. The extended interswitching pilot in the Prairies should be extended for 30 additional months with a path to permanency that includes increasing the distance to 500 km and incorporating the grain-growing regions of British Columbia.

The Maximum Revenue Entitlement for Canada's two class I railways should be maintained as it provides predictability in shipping costs, ultimately paid by farmers.

For the long term, transportation corridors must be upgraded to handle future increases in shipping volumes as Canada invests in diversified trade flows. Today, one rail line, tunnel and lift bridge service the north shore terminals at the Port of Vancouver. This is insufficient and there is no alternative route should there be an obstruction. The federal government must prioritize infrastructure improvements that will help facilitate exports, especially through the Western corridor to supply growing Asian markets.



Approximate 5-year average of seed exports from port (2018-2023 Crop Years) Canadian Grain Commission

Science & Innovation

Farmers prosper when regulations, policies, and programs support agriculture innovations that enhance on-farm efficiencies, increase production, and drive Canadian agriculture's global competitiveness.

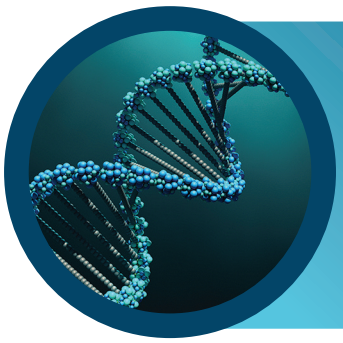
GROWTH OPPORTUNITIES: Enable farmers to use new beneficial practices and innovations through funding of robust research, support for effective training and extension, and delivery of a regulatory framework that supports the commercialization of new products. Modernize the *Canada Grain Act* to align farmer protections and Canada's grain quality assurance system with today's practices and position Canada as a leading supplier of high-quality grain.

Developed by Canadian scientists in the 1970s, canola has evolved through science, public-private partnerships, and innovation to become the leading revenue source for Canadian farmers and an important contributor to the national economy.

For Canada to remain the leading supplier of canola, enabling regulations, policies, and programs are needed that equip farmers with tools they need to unleash their potential. These tools range from internet coverage, right to repair and machine interoperability, to more resilient, yield enhancing seed varieties, plant breeding innovation and effective crop protection products.

Regulators, such as the Pest Management Regulatory Agency and the Canadian Food Inspection Agency, must have the capacity to make timely decisions based on the best available science and within a regulatory environment that has clear, predictable rules. This enables companies to invest in research and development, and commercialize new products needed by farmers.

A modernized *Canada Grain Act* and Canadian Grain Commission are needed to better align with the needs of farmers now and into the future, as farming practices, markets, and demand have changed and continue to evolve—the last comprehensive amendment occurred in 1971.



DID YOU KNOW?

Gene editing holds immense opportunity to create more resilient crops that require less inputs, enhance yield, lessen production risk, improve nutrition, and better respond to evolving consumer needs.

Canola's Sustainability Story:

A Tale of Canadian Innovation

For decades, Canadian canola farmers have demonstrated efforts toward sustainability while continuing to feed and fuel the world. They understand that the health of their land is inextricably linked to the success of their farm, and that's why they continually adopt and invest in innovative farming practices.

The transition to reduced tillage practices is a clear example, helping farmers and the agriculture sector become more productive, avoid additional GHG emissions and maintain healthy soils. A practice that was previously occurring on 7% of seeded acres in 1991, improved to 60% of seeded acres by 2021[1]. Soil organic carbon has increased in the prairies, seeing significant improvements over the last 30 years, mainly due to no-tillage practices and reduced summer fallow[2]. Environmental contributions associated with soil organic carbon and carbon sequestration on agricultural lands should be recognized through Canada's carbon offset credit system.

Agricultural fields, including canola, and surrounding areas, such as wetlands, riparian areas, and other vegetative areas can support local ecosystems. These areas provide vital functions like carbon sequestration, water purification, soil erosion mitigation, and habitat creation for insects and wildlife[3]. Payment for ecosystem goods and services programming is key in recognizing farmers for safeguarding biodiversity and providing ecological benefits to communities while helping them remain profitable, competitive, and able to adopt beneficial practices.

Future environmental and production benefits of canola will depend on sustained innovation in plant breeding, crop protection products, and agronomic practices that support sustainable intensification. These initiatives will create seed varieties, chemistries, beneficial management practices and extension support to help canola farmers mitigate and adapt to the effects of climate change. However, making investments in new sustainable technologies and practices is expensive, and farmers need capital to continue to invest in their farms, therefore carbon pricing exemptions must be made when an alternative fuel source is not viable.

Environmental sustainability plays a critical role in preserving the viability of Canada's agriculture sector to meet growing consumer demand. Canola farmers understand that their businesses thrive when the land they work on is healthy. Efforts to improve soil and water health, protect biodiversity, maximize nutrient use efficiency and increase carbon sequestration help when working to sustainably intensify production and improve the competitiveness of this made-in-Canada crop.

[1] Statistics Canada. Table 32-10-0367-01 Tillage and seeding practices, Census of Agriculture, 2021
[2] Agriculture and Agri-Food Canada. Soil Organic Matter Indicator, https://agriculture.canada.ca/en/agricultural-production/soil-and-land/soil-organic-matter-indicator
[3] Arrell Food Institute. ECOLOGICAL GOODS AND SERVICES: Advancing Canadian Agriculture by Supporting Ecological Goods and Services, 2021 https://arrellfoodinstitute.ca/wp-content/uploads/2021/06/UG_Arrell-Foods_10_Ecological-Goods-and-Services_Final.pdf

Managing Risk on Farm

Farmers prosper when there are pragmatic, adequately funded programs and enabling tax policies that provide confidence to invest in their operations and transition their farm to the next generation.

GROWTH OPPORTUNITIES: Work with farmers and their organizations to ensure the Business Risk Management (BRM) suite is predictable, timely, and responsive to their needs. Create tax policies that enable intergenerational farm transfers without penalizing farmers at retirement.

Farmers face uncontrollable risks that impact the production, price, and payment of their crops. These risks include weather events affecting production, international trade restrictions blocking market access, and rail disruptions impacting supply chains. Under the Sustainable Canadian Agriculture Partnership (Sustainable-CAP), the federal, provincial, and territorial governments continue to support farmers through a suite of tools that include AgriInsurance, AgriStability, AgriInvest, and AgriRecovery.

BRM programs must remain exclusively focused on protecting farmers against income and production losses. Current environmental linkages erode the core purpose and can impact participation. Agriculture and Agri-Food Canada should reach beyond their traditional program advisory committee structure to engage with a broader community of farmers and farm organizations on these programs. This will ensure these critical tools remain relevant and effective for farmers as changes are made under current and subsequent policy frameworks.

Farming is a highly capital-intensive industry. Even with the risks they face, to remain globally competitive, farmers continue to invest in their operations and in new technologies. Tax policy can greatly impact a farmer's ability to invest in their operation and remain successful for the next generation. Capital gains inclusion rates for example, should facilitate intergenerational farm transfers to keep family farms in Canada and not penalize farmers' retirement plans.

According to Statistics Canada

$74.7B — **Farm Expenses**

2023 farm operating expenses hit an all-time high at $74.7 billion and continue to rise.

39% — **Farm Input Costs**

2020-2024 farm input costs index jumped 39%.

23% — **Farm Machinery**

Farm machinery costs index increased by 23% from 2020-2024. Today, the approximate cost of a new four-wheel drive tractor is **$725,000**, a combine without a header is **$850,000**, and a large air seeder is **$950,000**[1].

2X — **Farmland Values**

Farmland values have more than doubled since 2012, creating a barrier for young farmers to enter and making the intergenerational transfer of land more difficult at a time when **40%** of farm operators are set to retire by 2033[2].

[1] 2024/2025 Farm Machinery Custom and Rental Rate Guide Calculator. Government of Manitoba. https://www.gov.mb.ca/agriculture/farm-management/cost-production/pubs/calculator-farm-machinery-custom-and-rental-guide.pdf

[2] Royal Bank of Canada. Farmers wanted: The labour renewal Canada needs to build the Next Green Revolution. https://thoughtleadership.rbc.com/farmers-wanted-the-labour-renewal-canada-needs-to-build-the-next-green-revolution/

CANADIAN CANOLA GROWERS ASSOCIATION

Helping farmers succeed since 1984

Canadian Canola Growers Association (CCGA) exists for farmers. We are farmer-founded and farmer-led, representing approximately 40,000 canola farmers across Canada. CCGA works to advocate for canola farmers and bring their interests to the forefront of national policy discussions that impact their competitiveness and profitability.

CCGA is also the leading administrator of the Advance Payments Program, providing cash advances to help over 10,000 of farmers better market crops and finance their operations. The Advance Payments Program is a federal loan program administered by CCGA. It offers Canadian farmers marketing flexibility through interest-free and low-interest cash advances.

CCGA is governed by 10 farmer directors who represent Canada's provincial canola associations from British Columbia to Ontario.

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