



Canada's 2018 harvest – Cold, wet, snowy but hopeful

By Karla Barnes, Senior Consultant, Canada Grains Council

It's been a challenging harvest for Canada's grain growers. Cool, wet weather and early snow this fall has wreaked havoc across much of the western prairies and into eastern Canada, setting harvest well behind the average for this time of year. In some of the more northerly regions, harvest has completely ground to a halt.

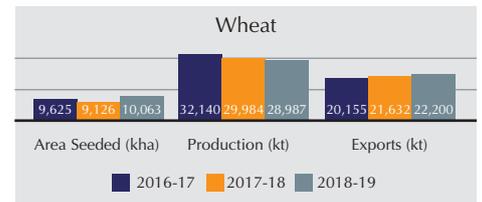
The prairie province of Alberta has been particularly hard hit, with just over 40% of major field crops harvested as of the week beginning 15 October. That trails the five-year average of 82% according to the provincial government. An already difficult harvest went from bad to worse when snow flattened crops over much of the province, and the cold temperatures threatened to freeze kernels and cause sprouting and cracking. The Province of Alberta has declared agricultural disasters in some provincial counties where it is clear harvest will not be completed this fall.

Some marginally better news is coming out of Saskatchewan, Canada's largest crop-producing province, as well as neighbouring Manitoba, with 82% and 84% of the crop respectively now in the bin as of the time of writing. Nevertheless, parts of these provinces are still coping with very challenging conditions. Harvest has stopped altogether in some areas of northern Saskatchewan and Manitoba and while harvest is

90% complete in the warmer, southern regions of Saskatchewan, this area has typically finished harvest by mid-August, putting it at a two-month delay.

Wet weather is also plaguing Eastern Canada where the majority of corn and soybean is grown. Favourable growing conditions over the summer months resulted, on average, in good quality soy and corn crops but growers are now having to weigh the cost and risk of harvesting their crop wet or watching the crop quality potentially degrade in the field.

However, in very recent weeks, growers have been taking advantage of some windows of good weather to get back into the field. As of the week beginning 15 October, weekly statistics produced by the Government of Canada's Grain Commission showed growers had made significant progress over the week prior and deliveries at elevator were tracking relatively on par with the same time period the previous year.



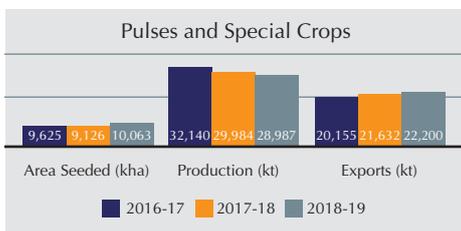
With promises of still warmer, dryer stretches to come, there may be opportunity for growers that have been badly delayed to get in the field and finish harvest. This is good news for growers looking to capitalise on the mid-September forecasts put out by Agriculture and Agri-Food Canada which predict Canadian field crop exports could be up from last year, reaching 50 million tonnes (Mt) for all Canadian field crops, accounting for almost 54% of Canada's overall production. The increased export numbers will come from grain and oilseed crops, as pulses and special crop exports will be down an estimated

Snow arrived in mid-October across parts of Canada





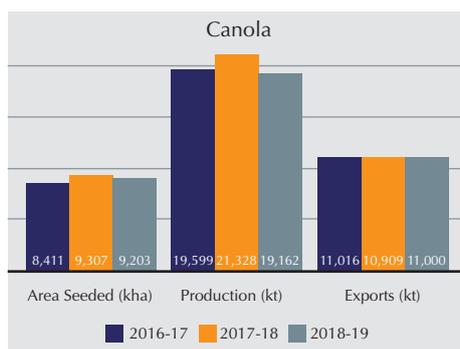
22% due to the huge tariff hike in India. Overall production of Canadian pulses across the country is forecasted to be down 17% in 2017/18 at 7.4 million tonnes, and potentially lower as final harvest results come in.



Early fall estimates on wheat and durum put 2017/18 production seven percent lower from the previous year, dropping from 32 million tonnes to 20 million tonnes. Even before the cold wet weather rolled in, a very dry summer had hit parts of the prairies and Statistics Canada was predicting total wheat yields across the country would fall 11.5%, from an average of 49.6 bushels per acre in 2017 to 43.9 bushels per acre in 2018. Nevertheless, good price signals prompted farmers to seed more wheat. According to a mid-summer farmer survey, area sown to all wheat varieties in 2018, is likely to be up 10.4% to 24.7 million acres.

Summer drought in the prairies also hurt canola yields. Before fall's cold wet weather arrived, Statistics Canada was already predicting Canadian canola yields would be on average 37.5 bushels per acre, down nine per cent year-over-year and five percent below the five-year average of 39.5 bushels per acre due to lack of moisture over the summer months. Total production is expected to reach 21Mt, slightly up from the previous year. Fifty-one percent of that will likely go for export (10.9 Mt), representing a slight decrease from the 11.0Mt shipped in 2016/17. A large carry-out stock of close to 2.4Mt of canola will roll into the 2018/19 year. Lower production and increased demand however should allow those supplies to easily move through the system.

Moving to Eastern Canada, Agriculture and Agri-Food Canada's field crop outlook forecasts



domestic usage of corn to rise four percent due to increases to feeding, ethanol production and other industrial use such as starch. Exports of corn are forecast to increase by 40% due to the higher Canadian total supply, lower world corn supply and continuing strong demand from the western EU region. However, weather conditions are causing selling pressure, which, combined with a stronger Canadian dollar is weighing corn prices down.

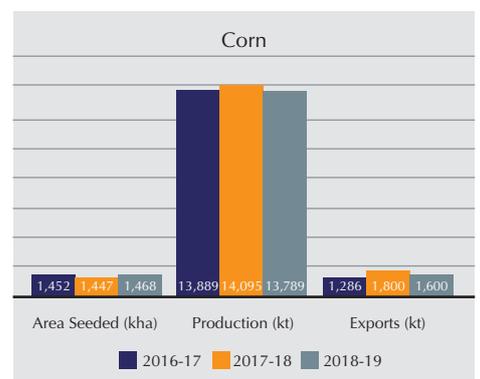
Even with weather woes, mid-September forecasts still put Canada's overall field crop production at 93 million tonnes. That is just slightly down from last year's 94.3 million tonnes. Projections like that keep Canada's sector optimistic that, with some lucky stretches of warmth in the weather forecast, coupled with hard work and round-the-clock combining, Canada can still turn out a successful 2018 crop.

We are convinced that many of the solutions to today's climatic, environmental and economic challenges, lie in plant breeding innovation and other not-yet-thought of tools.

Every season comes with challenges. Canada's vast, diverse landscape and climate means these often come from seemingly every direction. It's not unusual for any given prairie province, for

example, to be dealing with flooding in the northern regions at the same time as they address sometimes severe drought in the south. It's a testament to Canada's commitment to grow the grain sector through innovation and investment, that even in the face of challenges, the value-chain continues to spur export growth. The Canadian Government has recently set a target to grow agricultural exports to \$75 billion (CAD) by 2025, and our grain sector has every intention to be a major player in making that happen. This is why Canada's industry continues to be very active on the world stage working with our industry partners to build consensus around trade enabling solutions to problems such as incidents of low-level presence of GM traits and misaligned maximum residue limits of pesticides.

We are convinced that many of the solutions to today's climatic, environmental and economic challenges, lie in plant breeding innovation and other not-yet-thought of tools. That is true not just for Canada, but indeed for all the world's grain growing countries. It's for this reason that we are laser focused on working with our international industry partners to advocate for regulatory systems that are agile, predictable and ready to receive and process new traits and products in the most efficient way possible. We look forward to our continued work with our industry partners world-wide in this important pursuit.



Canada's grain sector welcomes the conclusion of new US-Mexico-Canada trade deal

The grain sector is breathing a collective sigh of relief over the conclusion of the new trilateral trade agreement in North America. The signing of the United States Mexico Canada Agreement (USMCA – formerly know as NAFTA) removes the uncertainty that has loomed large over the North American grain sector this past year, creating fears that the agreement could be scuttled altogether, leaving a lasting impact on Canada's ability to access two of its most important markets. Not only does the deal signed on September 30th (and now with Parliament and Congress to ratify the agreement) continue to give the highly integrated North American grain value chain tariff-free access across the region, but it will also modernize areas covered under the former NAFTA on biotechnology regulatory alignment and stronger language on low level presence of GM traits.

The USMCA contains language to help reduce asynchronous approvals that could be a useful model to follow in future FTAs. USMCA parties are now obligated to accept a submission from a developer and begin reviewing a product, even if that product is not yet approved anywhere else. In other words, USMCA countries are prevented from adopting a policy in which a product must be approved in the country of development prior to submitting it for review in the importing country. Encouragingly, on low level presence (LLP), the USMCA commits the parties to manage an LLP occurrence "without unnecessary delay" and "taking into account any risk posed by the LLP occurrence."

While these steps are incremental, they are precedent setting and pave the way for similar provisions to be worked into future free trade agreements between trading partners.

The Canada Grains Council is the umbrella industry association for Canada's grain sector. A pan-Canadian federation of grain value chain members, the Council leads and facilitates the development and implementation of policies and initiatives addressing cross commodity issues and opportunities. The Council was formed in 1969 to coordinate industry efforts to maximise the sale and use of Canadian crops in domestic and world markets. Over 40 years later, it has evolved into Canada's 'go to' forum for multi-stakeholder collaboration, information-sharing and consensus-based decision making on sector issues of national and international importance. Organisations representing Canada's cereal grains, oilseeds, pulses and special crops sectors as well as key links along the 'farm to fork' continuum make up the Council's membership.