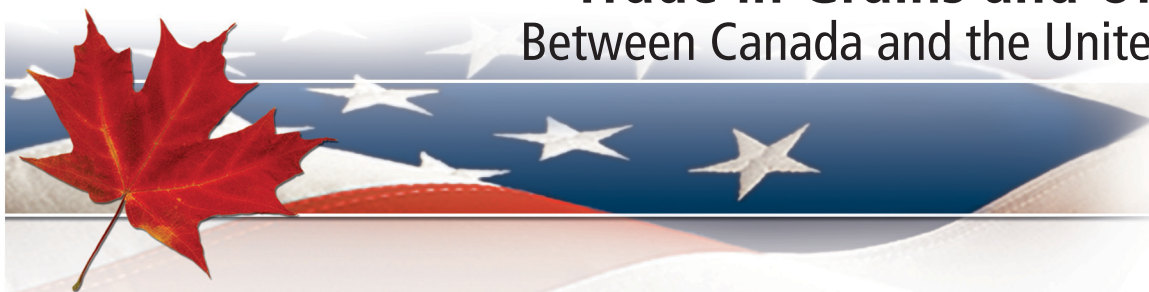




Trade in Grains and Oilseeds Between Canada and the United States



The Strength of the United States - Canada Grains and Oilseeds Supply Chain

Canada and the United States enjoy the largest bilateral trading relationship in the world. Trade contributes to making both countries more internationally competitive, provides consumers and producers with a greater variety of goods and services at lower prices and generally improves the standard of living in both countries. Grains and oilseeds are just one component of the vast and diverse exchange of goods between Canada and the US.

Bilateral Nature of Trade

→ The exchange of grains and oilseeds between Canada and the US was valued at \$6.4 billion in 2007, which comprised nearly 20% of Canada-US agriculture, agri-food and seafood trade. Trade between Canada and US' grains and oilseeds industries mainly consisted of Canadian canola oil, wheat and oats supplied to the US, while the US' top products sold to Canada were animal feeds, corn, bakery mixes and dough, and rice. Trade in grains and oilseeds benefited both the Canadian and American economies by creating jobs and boosting the GDP. In fact, trade in grains and oilseeds contribute to the 7.1 million American jobs that are dependant on trade with Canada.

American Rice

- The US ranks within the top ten rice producing nations in the world with 2.9 million acres planted in 2007. Although the US is not the world's top producer of rice, it is one of the top exporters. In 2007, the US was the third largest exporter of rice and supplied 12% of the world's demand.
- Canadian consumers are among the US' best customers of this product. In 2007 nearly 60% of Canada's rice imports - valued at \$117.3 million - came from its neighbor to the south. In fact, Canada is often the 3rd largest importer of US rice after Japan and Mexico.

Canola – Canada's Oilseed

- Canola oil, which is made from canola seeds, is the healthiest of all commonly used cooking oils. It is lowest in saturated fat, high in cholesterol-lowering mono-unsaturated fat and the best source of omega-3 fats of all popular oils - and it was developed in Canada. Canola oil is also used as an ingredient in bio-diesel, an environmentally-friendly alternative to fossil fuels. In 2007, Canada exported over \$1 billion worth of canola oil to the world, and \$660 million or 66% of that total was exported to the US.
- Canada is the second highest producer of canola seeds in the world. It may only produce 15% of the world's annual supply of canola, but it is responsible for 75% of global canola trade. The canola industry continues to grow in Canada due to increased demand for healthy cooking oil and bio-diesel, both in Canada and around the world.

Wheat – A Strong Trading Relationship

- Canada and the US are world leaders in wheat production. Canada is ranked as the sixth largest producer of wheat, and the US is ranked as the third. Canada has exported an average of approximately \$332 million of wheat and durum annually to the United States over the past 3 years. Over the same 3-year period, Canada has imported an average of \$330 million of wheat and durum products from the United States.
- Canada and the US work closely together to meet consumer demand for products made from wheat, such as bread, crackers and breakfast cereals. Wheat coming from Canada is mainly produced in the Western provinces, which is then shipped to major US millers in the central and north eastern US markets for processing.





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Canadian Oats Part of a Balanced Breakfast

- Canada is ranked as the second highest producer of oats in the world. In 2007 Canada exported worldwide over \$400 million worth of oats, of which 90.4% went to the US. This is understandable as whole oat sources have been recognized by the FDA as reducing the risk of coronary heart disease.
- Canadian oats help provide Americans the energy they need by filling their cereal bowls every morning. The oats for Cheerios and other products — which fill 6,000 railcars each year — come almost entirely from Canada.

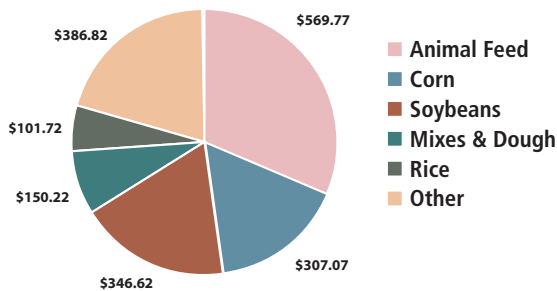
Soybeans and Corn Top American Agricultural Goods

- The US is the largest producer of soybeans and corn, and Canada remains an important customer of these goods as increasing quantities are exported from the US to Canada every year. In 2007 Canada purchased \$449.8 million in corn and \$56.9 million worth of soybeans. Over the past decade, US corn exports to Canada have increased by roughly 210%.
- US exports of corn to Canada have increased, particularly when Canadian farmers face drought or other natural disasters. In turn, Canada is there to fill the gap by supplying wheat, oats, and barley to US consumers when US production of these grains may be limited due to weather, transportation difficulties or disease.
- Other major imports from the United States include products used for animal feeds, e.g., soybean meal, brans and other by-products as in corn gluten meal. In 2007, Canada imported \$670 million of these feed products, which was twice the value of what we sent to the United States.

Marketing Grains and Oilseeds

→ Marketing systems in the US and Canada have evolved in different ways. Both countries have their own unique regulations, policies and programs that affect the sector. Canada's focus is related to quality assurance and grain handling by ensuring quality standards and consistency of grade definitions from year to year. For example, Canada Western Red Spring wheat—Canada's main class of hard red spring wheat—is uniquely suited as a blending wheat, and can be an especially effective complement to US wheat classes in producing flour. American millers blend Canadian wheat with US wheat to add value to their operations. The Canadian Grain Commission (CGC) is in charge of the quality assurance system of Canadian grains to enhance its marketability. This system involves every phase of the grain industry from the development and identification of the class of grain or wheat to the delivery of grain to the customer.

US Grain and Oilseed Exports to Canada (three year average in millions USD)



Canadian Grains and Oilseed Exports to US (in millions USD)

