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WORLD SITUATION

World Oilseeds
Situation
and Outlook

The following reports on the oilseeds situation and outlook are taken from "Situation'70" and "Outlook'71" reports released in the latter part of October 1970, by the Economics Branch of the Canada Department of Agriculture.

Situation 1969-70. — The international oilseeds situation in 1969-70 has been a very unusual one, marked by extremely high prices particularly in early 1970, with persistent, strong and rising demand on the one hand and on the other, little change in total supply of the many interchangeable oils. World production of oils and fats has been increasing by about one million tons from year to year but the increase from 1968-69 to 1969-70 was only from 41.3 to 41.4 million tons. Production was lower in a number of main oilseeds, particularly peanuts and rapeseed. Sunflowerseed production in the Soviet Union was down six per cent. Fish oil and lard production were also lower.

Exports of oilseeds tended to level off in 1969, so that stocks of oilseeds in late 1969 probably were at unusually low levels in Western Europe and probably in Eastern Europe and Russia as well. The build-up in back-log of demand, probably related to anticipated lower prices of soybeans and sunflowerseed in the fall of 1969, eventually led to upward pressure on prices. At the same time, the rate of world consumption in many countries, including the U.S. and Japan, appears to be rising rather sharply, although in some countries, the apparent increase in disappearance may really be related to some rebuilding of stocks. Another feature of the situation in 1969-70 was the reduction in offerings of sunflowerseed oil on world markets; even in late spring months of 1970, offerings from Argentina were expected to be controlled at levels not high relative to the size of crop.

One outstanding aspect of the world oilseed situation, brought about by low availability of certain oilseeds, has been the large increase in soybean exports by the United States which amounted to 395 million bushels for the season through July 31, 1970 compared with 275 million the previous year. U.S. soybean crushings have also reached new high levels, with the total crush for the crop year estimated to be about 725 million bushels compared with 606 million in 1968-69. In total, soybean usage of United States is estimated to be up by about 25 per cent and to exceed last season's total production by 8 per cent. This volume is expected to reduce the carryover at September 1, 1970 to about 240 million bushels.

Canadian production of rapeseed in 1969 was almost double that of 1968, but production in Poland, normally a main exporter, was only about one-quarter of 1968 production. Production in East Germany and Sweden was also less than last year but France's rapeseed crop was somewhat larger. Total world production of rapeseed was down by about five per cent, and net exports of seed and oil were reduced in 1969.

The world peanut crop in 1969-70 was lower than expected, although higher than in 1968-69 because of increases in non-exporting countries. Nigerian production, particularly, was much below average. Sunflowerseed production in northern hemisphere countries was lower, but production in Argentina increased by almost 20 per cent this spring over a year ago. Total sunflowerseed production was higher. Cottonseed and olive oil production was lower in 1969-70. Palm oil production increased by 20 per cent.

Flaxseed production in each of the three main exporting countries (Canada, the United States and Argentina) was higher in 1969-70 than in 1968-69. Canadian production was up by 55 per cent to 31 million bushels. Argentina's production increased by 25 per cent to almost 26 million bushels and United States crop increased 34 per cent to 37 million bushels. Although Canadian exports increased during the year, United States exports were estimated to have decreased from 10 million in 1968-69 to six million bushels in 1969-70, in spite of much larger supplies available. Argentina's exports up to mid-June 1970 were only about four per cent higher than for the same period last year.

World prices of edible oils, in response to the small total supply situation, rose sharply in late 1969, and throughout the first seven months of 1970. At July 31, 1970, Rotterdam prices of U.S. soybean oil were US\$320 per metric ton compared with the 1969 average of \$228; sunflower oil was \$340 per metric ton compared with \$213 average for 1969; and peanut oil was \$366 compared with the 1969 price of \$325. Linseed oil prices on the other hand, fell to \$216 per metric ton from the 1969 average of \$223.

Outlook 1970-71. — World edible oilseed production in 1969 did not increase as expected and was little higher than in 1968 even though there has been a steady increase in consumption, averaging about three per cent a year, throughout the last 10 years. World trade was relatively low in 1969 and early 1970. Stocks fell in many countries. Low availabilities for international trade of sunflower oil, peanut oil, cottonseed oil, rapeseed oil and fish oil led to upward pressure on prices in early months of 1970. Prices of edible oils of all types on world markets reached unusually high levels compared with the year before; some oil prices almost doubled. One of the main results was a significantly greater trade in United States soybeans as a consequence of rising European livestock numbers. Domestic use of soybeans in the U.S. also increased at an above average rate. Stocks of U.S. soybeans have been reduced. At the same time, Canadian exports of rapeseed increased sharply from 14 million bushels (320,000 metric tons) in 1968-69 to 22 million bushels (500,000 metric tons) in 1969-70.

In 1970-71, world edible oil production resumed its upward trend with some increase in fish oil and increases in palm oil, peanut oil, rapeseed oil, cottonseed oil, sunflower seed oil and soybean oil. Soybean production in the United States, the main source of edible vegetable oil, did not increase as rapidly as the rate of increase in world consumption of these oils. The rapeseed crop in Poland of more than 22 million bushels (500,000 metric tons) is larger than in 1969 but is still well below the crop of two years ago which exceeded 31 million bushels (712,000 metric tons). Canadian production of rapeseed increased by 38 million bushels (860,000 metric tons) over that of 1969. Although world edible oilseed production may come close to equalling world consumption in 1970-71, it will probably not result in any rebuilding of stocks which had been eroded in 1969-70. This should mean another year of relatively high prices for edible oils; the high prices for soybeans at harvest time are evidence of this fact.

Industrial oils, including linseed oil, have not had an increase in utilization as has the edible oil group. World linseed prices in 1969-70 did not follow the upward trend of the edible oils group and prices in the early weeks of the 1970-71 crop year were slightly below the 1969 average. Although world demand for industrial oils has been static, world available supplies are sharply higher, and prices are not likely to increase during the next few months.

In 1971-72, world supplies of edible oils are likely to rise more sharply. Palm oil supplies are expected to increase steadily for a number of years. There will probably be a large supply of peanuts from Nigeria as that country recovers from the ravages of the recent war. Soybean production following the high prices this year, is likely to increase. Sunflowerseed oil could again become an important factor in world trade, although national policies might well dictate some rebuilding of stocks for another year or two. Trade liberalization measures by Japan would mean eventual broadening of the rapeseed market in that area. In summary, supply and demand will probably be closer to a balance in 1971-72 and the level of world edible oilseed prices generally could be lower than in 1969-70 or 1970-71 with competition for markets increasing. Industrial oil prices are not likely to improve in 1971-72 and any substantial improvement in linseed prices is unlikely unless new uses for the oil are found.

CANADIAN SITUATION

Canadian Oilseeds Situation and Outlook The following reports on the oilseeds situation and outlook are taken from "Situation' 70" and "Outlook' 71" reports released in the latter part of October 1970, by the Economics Branch of the Canada Department of Agriculture.

Situation 1969-70. — Canadian edible oilseed prices in 1969-70 have followed the world boom pattern to a large extent, although the prices paid to United States farmers for soybeans necessarily have a strong influence in establishing maximum edible oilseed price levels in Canada. On the other hand, the world industrial oil situation has been weak and this has been reflected in a weak market for Canadian flaxseed.

Carryover of rapeseed to start the 1969-70 crop year amounted to 5.1 million bushels, which, with the production of 33.4 million bushels, made a total available supply of 38.5 million bushels. This compared favorably with the 1968-69 supply of 29.3 million bushels.

Overseas clearances of rapeseed were 22.2 million bushels, a 57 per cent increase from the previous year, and more than double the recent five-year average. Japan's imports were about 25 per cent more than last year's after the first 11 months of the crop year. Imports by the Netherlands totaled almost three million bushels, by West Germany, more than one million bushels; and by Italy well over one-half million bushels, whereas the quantities taken by these EEC countries in the previous year had been negligible. In addition, some new markets for rapeseed developed including Mexico for the first time.

Canadian domestic crushings of rapeseed were 7.8 million bushels, nearly one million bushels more than the previous year. During the year existing crushing facilities in Western Canada expanded, and plans were developed for provision of rapeseed crushing facilities in Eastern Canada.

Stock figures of rapeseed at July 31, 1970 were estimated at about 3.9 million bushels.

Prices of rapeseed in 1969-70 were sharply higher, with monthly averages amounting to \$2.77 for the year (Rapeseed, No. 1 Canada, in store Vancouver) compared with \$2.22 in 1968-69. Rapeseed oil prices moved up from the August 1969 price of 8.76 cents a pound to about 11.6 cents a pound in July 1970. Rapeseed meal prices

also increased, from about \$63 per ton in August 1969 to almost \$72 per ton in July 1970.

Among the provinces, Saskatchewan's acreage in 1969 at one million acres was almost double the 1968 acreage; Alberta's 1969 acreage was more than 800 thousand acres compared with 450,000 acres in 1968; and Manitoba's acreage was about 200 thousand compared with 71 thousand in 1968. The estimated yield in Saskatchewan was 19.6 bushels per acre; in Alberta, 17.2 bushels; and in Manitoba, 17.9 bushels.

Canadian soybean production in 1969 was just less than 7.7 million bushels, compared with 9 million bushels in 1968, although acreage was higher at 322 thousand compared with 295 thousand in 1968. Soybean imports between August 1, 1969 and June 30, 1970 were well over 15 million bushels compared with 12.5 million bushels for the whole crop year of 1968-69. Imports of soybean oil also were higher with imports for 11 months at 30 million pounds compared to last year's total of 25.6 million pounds. Exports of soybeans for 11 months at 860 thousand bushels were well above last year's total of 670 thousand bushels, although less than exports of previous years. Meal exports at 143 thousand tons for 11 months exceeded the previous 12 months total of 130 thousand tons. Exports of oil at 38.4 million pounds for 11 months in 1969-70 exceeded last year's total of 32.1 million bushels. Soybean crushing increased by 100 million pounds from 1968 to 1.25 billion pounds in 1969 and for the first seven months in 1970 were 865 million pounds compared with 696 million for the same period in 1969.

Soybean prices in the early part of the crop year fell to lower levels since prices were lower in the United States with the lower price supports. However by March 1970, prices were higher than in March 1969 and with each successive month the spread between the two years widened with average prices for July 1970 at \$2.89 a bushel compared with \$2.70 a bushel for July 1969.

Flaxseed supplies in Canada in 1969-70 increased to 32.5 million bushels from 24.3 million in 1968-69. This is the highest level since 1966-67 and nearly 15 per cent above the recent five-year average. Production in 1969 was 27.5 million bushels, more than 40 per cent higher than in 1968 and nearly three times the production of 1967.

Overseas clearances of flaxseed were sharply higher in 1969-70 at 18.6 million bushels compared with 13.4 million bushels in 1968-69. Country figures for 11 months indicate the main increase in Canadian exports was to the Netherlands where exports more than doubled. There were also increases in exports to the main importer Japan, and to Britain, Spain, and Italy. Exports of linseed oil cake were running higher than in 1968-69 and exports of oil were also ahead of last year. More flaxseed was moved into domestic channels — 2.4 million bushels in 1969-70 compared with two million in 1968-69. With the higher level of exports flaxseed stocks at the end of July 1970 were reported at only 6.2 million bushels, a low level relative to stocks a few years ago. Flaxseed prices for 1969-70 averaged \$2.92 a bushel compared with \$3.31 for 1968-69.

Manitoba, in 1969, was the major producer with 1.1 million acres followed by Saskatchewan with 770 thousand and Alberta with 875 thousand. Yield in Manitoba was relatively low in 1969 at 10.2 bushels. Saskatchewan yield was relatively high for that province at 14.7 bushels, and Alberta yield was 14.5 bushels. In addition to the large production in the Prairies, Quebec and Ontario produced small quantities of 256 thousand and 101 thousand bushels.

Sunflowerseed acreage in 1969 was 51,000 acres of which 48,000 were in Southern Manitoba. This is slightly higher than in 1968. Yields were below average at about 700 pounds per acre because of poor weather conditions. Production at 36.5 million pounds was little changed from the previous year.

Exports were about three million pounds, little changed from the previous year. Crushings for the 11 months ending June 1970 were about 22 million pounds compared with over 24 million the previous year. Oil production for the same period was about 8.8 million pounds compared with 10 million pounds for the same period in the previous year. Meal production was down to 8.8 million from 9.4 million pounds.

Imports of sunflowerseed oil, which have had a significant impact on the oilseed picture in Canada in recent years, were lower in the first 11 months of 1969-70, at just over 22 million pounds compared with 40 million for the same period in 1968-69. The Rotterdam price of sunflower oil in June 1970 was US\$351 per metric ton compared with the average for 1969 calendar year of \$213. At July 30, 1970, the Rotterdam price was \$340 a metric ton.

Oilseed acreage and production, 1970. — Rapeseed acreage in 1970 was nearly double that of 1969. Out of the total acreage of 3.95 million in 1970 Saskatchewan had 2 million, Alberta 1.6 million and Manitoba 350 thousand. Both years were records. First production estimates indicated a crop of 79.5 million bushels, more than double that of the previous year.

Flaxseed acreage increased by nearly 50 per cent in 1970 to 3.5 million acres from 2.4 million in 1969. This acreage exceeds the previous record established in 1957. The sharpest increase was in Saskatchewan which almost doubled its acreage to 1.5 million. Flaxseed production estimates indicated a crop of 47 million bushels, 75 per cent up from 1969.

Soybean acreage in 1970 increased also to a new record of 335 thousand acres although up only slightly from last year's level of 322 thousand.

Sunflowerseed acreage while not officially estimated is believed to have increased somewhat and to slightly exceed 60,000 acres in Manitoba alone.

Outlook 1970-71. — Rapeseed production in Canada in 1970 is estimated at 71.3 million bushels (1.6 million metric tons), more than double the 1969 production of 33.4 million bushels (.76 million metric tons). The trend in exports has been sharply upward and export sales in 1969-70 were 22 million bushels (500,000 metric tons) compared with less than 15 million bushels (340,000 metric tons) exported in 1968-69. Exports are expected to run well above this level in 1970-71 with increases particularly to Japan where import quotas are expected to be lifted in April 1971. Prices of Canadian rapeseed in Western Canada fell from the \$3 level (No. 1, Vancouver) in late spring 1970 to \$2.30 to \$2.35 in September mostly because of expected large supplies. However, by late in October, the price had risen to more than \$2.60 a bushel. The price of rapeseed oil on world markets, along with other edible oils has remained firm. It would appear that for 1970-71, exports could increase to 40 to 45 million bushels (.9 to 1 million metric tons). Domestic crushings could reach 10 to 12 million bushels (227,000 to 272,000 metric tons). With the above utilization, carryover will be 10 to 15 million bushels (227,000 to 340,000 metric tons). Rapeseed sales from this year's crop are likely to average out at an export price of \$2.35 or better this fall, but may fall below that level later in the season.

In 1971-72, with the world edible oilseed production likely to be closer to a balance between supply and demand, rapeseed prices will have to compete with many other edible oilseeds for world markets. However, the acceptability of Canadian rapeseed oil in comparison with the rapeseed oil of other countries is expected to increase with the development of erucic acid free rapeseed. By 1972-73, Canada will have available for domestic consumption and for export zero erucic varieties of rapeseed which will improve our competitive position, in both domestic and export markets, in relation to other vegetable oils. At the end of crop year 1971-72, it would be desirable to have a fairly low stock position before the complete change over to new varieties. It would appear that about three to four million acres would provide ample supplies in 1971.

Soybean production in Canada in 1970-71 (with an acreage of 335,000 acres and a record yield of 31.0 bushels an acre) amounted to 10.4 million bushels (283,000 metric tons), also a new Canadian record. The main world producer, the United States, had a crop of 1,133 million bushels (30.8 million metric tons), about one per cent higher than in 1969. This production, together with a reduced carryover from the record breaking 1969-70 disposal, brings the United States supply to 1,360 million bushels (37 million metric tons). It has been estimated that total U.S. soybean disappearance will be close to 1,300 million bushels (35 million metric tons), well above production for the year and at a level which would reduce stocks. Crushings in the United States are expected to reach 750 to 760 million bushels (20.4 to 20.6 million metric tons) in 1970-71; exports to be 425 to 430 million bushels (11.6 to 11.7 million metric tons); and seed and wastage, 60 million bushels (1.6 million metric tons).

With a tight supply position relative to world demand, prices of soybeans in the United States rose quite sharply in early summer. Cash prices, which usually decrease in the fall, did not decline in 1970 and were running about 45 cents a bushel higher in September 1970 than at the same time in the previous year, at \$2.75 to \$2.85 a bushel, f.o.b. track in various growing areas. Future prices were still higher for several succeeding periods.

Canadian prices react very closely to United States prices. The normal seasonal downswing has not occurred and at the first of October 1970, prices were about \$2.75 a bushel. Prices of soybean oil rose sharply in February and March and have continued high throughout 1970. Prices of soybeans are likely to remain at high levels throughout the crop year. In addition to domestic use in Canada, some forward export sales have been made.

Soybean production in 1971 may increase because of smaller corn acreage and higher soybean prices in 1970. This could contribute to an over-supply of edible oils on world markets. Under these circumstances, prices in 1971-72 probably will be lower than in 1970-71. Canadian acreage, however, following a year of high prices, is likely to expand in 1971 to about 350,000 acres, compared with 335,000 this year.

Flaxseed production in Canada in 1970 is estimated at 48.9 million bushels (1.2 million metric tons), almost double the 1969 production of 27.5 million bushels (698,000 metric tons). Flaxseed production in the United States has been estimated at 30 million bushels (762,000 metric tons), slightly higher than in 1969. Argentina's acreage for harvesting early next year is lower than last year by about four per cent as a result of drought conditions at seeding. Total production of the three main exporters thus appears likely to reach 100 million bushels (2.5 million metric tons) compared with about 82 million (2.1 million metric tons) in 1969.

Total world production is more than 25 per cent higher in 1970-71 than in 1969-70 and the world crop in 1969-70 was more than enough to meet world requirements.

Exports of flaxseed in terms of oil, from the three main exporters in 1969-70 were higher than in 1968-69 but were nevertheless 14 per cent less than in 1966-67. It is doubtful if more than a small increase in world exports will occur in 1970-71. Stocks built up particularly in the United States in the past year, but recently the United States instituted a program for putting Commodity Credit Corporation oil stocks on the world market. In addition, the United States further reduced price-support loan and purchase rates for the 1970 crop from \$2.75 to \$2.50 a bushel.

Although Canadian stocks to start the 1970-71 crop year were lower than anticipated at 6.2 million bushels (157,000 metric tons), making available supplies 54 million bushels (1.4 million metric tons), it is not likely that the export of 18.6 million bushels (472,000 metric tons) last year will be exceeded in 1970-71, and there seems little reason to expect more than a very slight increase from the 2.4 million bushels (61,000 metric tons), used domestically last year. This suggests a carryover of 30 million bushels (762,000 metric tons) or more at the end of crop year 1970-71, unless Canada competes strenuously for existing markets at prices which could be lower.

The demand for flaxseed is likely to remain unchanged or even become lower unless prices are so low as to halt the spread in use of synthetics or to encourage the use of flaxseed in livestock feeds. To start the 1971-72 crop year, there are expected to be record stocks, 50 per cent higher (660,000 metric tons oil basis compared with 433,000) in 1970-71 in the three main producing countries than the stocks at the beginning of the current crop year. It would appear that the only way to reduce stocks is through substantial acreage reductions in all three main producing countries. If Canada can export about the same amount in 1971-72 as in the crop year 1969-70, an acreage of two million at normal yields should supply all requirements, but would not reduce the heavy stocks likely to be available.

The 65,000 acres of sunflowerseed grown in Manitoba this year was far short of the 100,000 acres contractors had hoped for, yields were relatively good. A small acreage was also planted in Alberta.

Prices of sunflowerseed oil at Rotterdam are almost double the prices of two years ago and have been at a premium over soybean or rapeseed oil. Returns to growers of sunflowerseed are likely to be well above average for 1970-71. An increase in acreage next year seems desirable, as the high prices of imported sunflowerseed oil have resulted in much lower imports in early months of 1970. Even if edible oil prices should tighten in 1972 and subsequent years, it appears that a continued good demand will exist for sunflowerseed oil.

Implications The following papers were presented at the Canadian Agriculture Outlook Conference on November 23, 1970 in response to the prepared Canadian situation and outlook papers presented above by Mr. James McAnsh, Executive Director, Rapeseed Association of Canada.

I find myself in general agreement with the summary on oilseeds that precedes examination of individual crops in the "Outlook" paper. Changes in the 1970 output of oilseeds yielding edible oils do not appear to have created any serious imbalance in the global supply-demand position, despite major increases in some countries, particularly Canada, where rapeseed production more than doubled.

North America accounted for much of the increase in available supplies in the 1970-71 crop year record crops of rapeseed in Canada and soybeans in the United States. With approximately one-third of the crop year already behind us, both countries are able to report a very healthy demand, at relatively high prices, for the seed and the edible oil derivatives of these two crops.

Less encouraging is the situation pertaining to the industrial oils, of which linseed oil (extracted from flaxseed) is among the most important. World demand for these oils has been static as indicated in the Outlook statement and there is no evidence to suggest any important change in the 1970-71 crop year. On the other hand, available supplies have increased substantially largely because of the contribution made by Canadian producers of flaxseed this year.

It should perhaps be noted, in defence of producers in Western Canada, that the pattern of land use that evolved in 1970 was dictated not so much by potential market demand for specific oilseed crops as by the need to find alternatives to wheat production and to produce cash crops. It is apparent, however, that some adjustments will be necessary in 1971. These will be discussed as we move into an examination of each of the oilseed crops currently being produced in Canada.

Rapeseed. — Producers of rapeseed in Canada have doubled the acreage of this crop in each of the past two growing seasons. This has brought the seeded area up from about one million acres in 1968 to approximately four million acres in 1970, with closely corresponding increases in the bushel output of the crop.

Under normal world market conditions, this very rapid expansion of rapeseed production could have spelled trouble for the producers, either in the form of excessive carryover stocks of low prices, or both. Except for a very brief period of price depression at the beginning of the 1969 harvest, neither of these conditions developed in the 1969-70 crop year, nor does it seem likely that they will in the current season.

Declines in world exports of sunflowerseed and peanut oils, disappointing availabilities of palm, marine and other edible oils, as well as short crops of rapeseed in several European countries combined in 1969-70 to create a broader market for rapeseed and rapeseed oil. These conditions have continued, to an appreciable degree, into the current season.

The outlook statement assesses the rapeseed export potential this season at 40 to 45 million bushels. The higher figure suggests an increase of approximately 100 per cent from last season. I have some difficulty in accepting this estimate or even the lower one of 40 million bushels. My own forecast would be closer to 35 million bushels, even after making allowance for a generous increase in exports to Japan.

Removal of import quota restrictions on rapeseed entering Japan, now scheduled for May 1, 1971, will have some effect on exports from Canada in the current crop year but the full impact is not likely to be felt until the 1971-72 crop year.

European imports of Canadian rapeseed are expected to be somewhat larger than those of last season despite the recent discussions and publicity centering on erucic acid content of rapeseed oil. France and West Germany have been conspicuous buyers of the Canadian product so far this season.

Forecasting is a hazardous business, but at the risk of being shot down in flames next July 13, I will break down my estimate of probable exports of Canadian rapeseed for the 1970-71 crop year as follows, in bushels and approximate metric tons.

<u>Destination</u>	<u>million bushels</u>	<u>metric tons</u>
Japan	19.0	430,920
Europe	9.0	204,120
India-Pakistan	2.5	56,700
All others	<u>4.0</u>	<u>90,720</u>
Totals	<u>34.5</u>	<u>782,460</u>

As a postscript to the calculation on this page, I would simply add that I hope the figures are conservative and that this target can be exceeded.

On the home front, my inclination is to take the bottom of the range of 10 to 12 million bushels indicated in the Outlook paper as the probable domestic crush in the current crop year. The processing plants in Western Canada did not get off to a fast start this season because of the small carryover on July 31, 1970, and the small initial delivery quota. Whether the additional crushing facilities now available will enable processors to make up lost ground remains to be seen, but a 10-million bushel crush this season would seem to be fairly realistic.

Combining these estimates of exports and domestic crush, and adding at least 500,000 bushels for seed requirements in 1971, raises the disposition of rapeseed, during the crop year, to approximately 45 million bushels. What, then is the probable carryover on July 31, 1971?

Using the Dominion Bureau of Statistics' September crop estimate as a base, the carryover from 1969 plus the production in 1970, add up to a total supply of about 75 million bushels. However, the 71.6 million bushels indicated for the 1970 harvest is a field-run figure and includes a substantial percentage of foreign material (dockage) that must be removed before the rapeseed can be exported.

The 1970 rapeseed crop appears to have an unusually high dockage content. Analysts are currently using an average of 12.5 per cent to bring the seed to export standards. If this is applied to the 71.6 million bushels (field-run), this year's crop is reduced to 62.6 million bushels and total supply, including last season's carryover, to just under 66 million bushels.

Having indicated a total utilization of 45 million bushels up to July 31, 1971, the carryover would then be in the neighbourhood of 20 to 21 million bushels. This would be a little more than is needed for a working carryover. Something of the order of 15 million bushels would be enough to bridge the gap between the end of the old crop year and the export availability of new crop at the ports.

For the 1971-72 crop year, the implications of this analysis are:

- 1) carryover stocks of rapeseed at the beginning of the crop year are likely to exceed the amount necessary for trading purposes prior to availability of new crops;

- 2) price levels for the producers' product could be affected if the 1971 harvest is average or better; and
- 3) offsetting the expected substantial expansion of the demand for Canadian rapeseed in Japan is the possibility of shrinkage in the European market if other edible oils, particularly sunflowerseed and peanut oil, again become available in the world market in volume.

With regard to the changeover in varieties of rapeseed in Canada and the target date of 1972-73 for production of low erucic acid rapeseed oil. It would be desirable, as the outlook statement correctly states, to aim for fairly low stocks on July 31, 1972.

With this objective in mind, and with some regard for the implications listed above, producers of rapeseed in Western Canada might do well to gear their 1971 seeding plans to the market demand potential. The alternative would be that producers would have to be willing to compete in international trade at some sacrifice in price in order to dispose of surplus supplies.

What we are saying, in effect, is that the acreage seeded to rapeseed in 1971, if held to the level of approximately four million acres seeded in 1970, should provide ample supplies for both domestic and overseas trade in the 1971-72 crop year.

Soybeans. — Although Canada is a deficiency area in soybeans and is an importer of substantial quantities of soybeans, soybean oil and soybean meal from the United States, there appears to be less scope for increasing acreage. The crop in Canada is grown almost wholly in Ontario and has to compete for land area with other crops, particularly corn.

Efforts were made in the past to produce soybeans in Manitoba but these appear to have ended around 1960. However, in view of the northward expansion of the growing area for soybeans in the United States, with production increasing in North Dakota, there is probably some hope that Manitoba could again emerge as a producer of this crop.

We accept, in general, the views and analysis of the outlook statement with regard to soybeans. The price structure in the current season is likely to encourage some expansion of soybean acreage in Ontario, but it is doubtful that the moderate increase in plantings which is forecast will have any real effect on total supplies in world markets.

Flaxseed. — Flaxseed producers in Canada went heavily into this crop in 1970 and the result was the largest harvest on record. A quite moderate increase in output was reported by the United States, while Argentine growers, who will begin harvesting their new crop next month, anticipate some decrease compared with last year. The combined harvests of the three major exporting countries, however, will greatly exceed the tonnage produced in 1969, and an unusually large carryover appears certain at the close of the 1970-71 crop year.

Canada will be the largest holder of surplus stocks next July 31, although the Commodity Credit Corporation (CCC) in the United States is expected to show a

substantial inventory also, in spite of the liquidating program now in effect. The Junta in Argentina, which performs much the same function as the CCC, is trying very hard through a price support program to dispose of an accumulation of both flaxseed and linseed oil acquired from the 1969 crop. In January 1971 it will be faced with a new accumulation from the 1970 crop.

The Outlook paper in its discussion of the United States' present program for putting Commodity Credit Corporation linseed oil stocks on the world market gives the impression that this plan, together with the lower support price for 1970 flaxseed crops, will lead to lower government inventories next June 30, the closing date of the United States crop year. We read the plan quite differently.

As the result of a toll-crush plan in 1963-64, the CCC acquired 80 million pounds of linseed oil, the equivalent of four million bushels of flaxseed. It stored and financed this inventory for about seven years, and added further to its financial obligations with the acquisition of some 22 million bushels of flaxseed under price support programs for the 1969 crop. The CCC did, in fact, end up with the ownership of almost all the flaxseed carryover in the United States last June 30.

As we understand the current liquidating program for both flaxseed and linseed oil, the objective is to cut storage and financing charges this season and move old stocks out of the CCC inventory. There will be a new accumulation, however, since the exchange program involves the buyer's of CCC flaxseed taking five pounds of linseed oil from current inventory and returning, to the CCC, 20 pounds of oil for every bushel of flaxseed crushed. Thus, the CCC, if successful in disposing of its flaxseed inventory, will end up with a much larger inventory of linseed oil than the one it is now liquidating. In addition, it will carry out the price support program for 1970 flaxseed crops and could end up next June 30 with a new and quite substantial inventory of flaxseed.

We agree with the outlook forecast of probable exports in the 1970-71 crop year. Canada could do a little better than in 1969-70 but United States exports will be smaller, so that total exports from North America will be about the same as last season. There is some evidence of buying by feed compounders and if this develops, as the result of lower prices and the need for some oil in dairy feeds, flaxseed exports would be increased slightly.

In view of the large carryover predicted for next July 31, and the probability that exports in 1971-72 will show little or no improvement from the levels of this season or last, a sharp reduction in seeded acreage in the spring of 1971 will be necessary if price levels that the producer can live with are to be attained.

Domestic utilization of flaxseed or linseed oil in Canada remains fairly static at levels equal to about 2.25 to 2.5 million bushels of flaxseed. Adding probable exports and seed requirements to this domestic demand, the deduction is that a harvest in the order of 25 million bushels next year would be sufficient to meet total needs and could be too large to effect any reduction in surplus stocks carried over from the 1970 crop.

We endorse the recommended 1.5 to two million acres to be seeded to flaxseed in Canada in 1971.

Sunflowerseed. - Sunflowerseed production in Canada continues to fall far short of the domestic demand for the oil, as evidenced by the heavy imports into this

country. Official data record the information of more than 109 million pounds of sunflowerseed oil during the past three calendar years. This is equivalent to about 50,000 metric tons.

There appears to be a strong case for expanding the production of sunflowerseed if only to meet the needs of the home market; however, there is an additional incentive in the potential for exports. Crushers in Japan have evinced a good deal of interest in this crop and have bought substantial amounts from the U.S.S.R. and Roumania in recent years.

Japan would want to buy the seed for crushing and has indicated that uncertainties of availability in the Eastern European countries cause them some concern. They have expressed the hope that Canada might move forward in the production of sunflowerseed and provide them with a more constant source of supply, as Canada has done in the case of rapeseed.

The availability of new varieties developed in the U.S.S.R. has enabled the United States to embark on a production program in Minnesota with some degree of success. As a matter of fact, the United States is reported to have joined the list of exporters of sunflowerseed oil to Canada in this calendar year.

As an alternative to flaxseed production in the Southern areas of the Prairie provinces, sunflowerseed would enjoy much better market prospects, first at home and subsequently in overseas markets, if the volume can be increased sufficiently.

Summary. - Taking into account the Outlook statement and the foregoing examination of the several oilseed crops produced in Canada, the implications and alternatives open for decision-makers might be summarized as follows:

Producer. - In developing his land use pattern for 1971, the producer should take account of the market potential for crops he might plant and not be unduly impressed by short-term price considerations.

The very rapid expansion in rapeseed acreage during the past two years would appear to call for a pause in 1971 to avoid outstripping market demand to a degree that might bring about a sharp reversal of trend in the following years. There must be recognition of the fact that markets cannot be expanded for a crop as rapidly as can the production of the crop.

Alternative uses for available land next year offer a wider choice than was the case in 1970, with substantial increases in wheat and barley acreage possible. Even in the oilseed group, there is scope for such crops as sunflowerseed and possibly soybeans to take up acreage that might normally be seeded to flaxseed.

In the matter of farm organization and structure, this will partly evolve from new programs being initiated in 1971 by the federal government and other studies being undertaken. These will affect also some of the regional considerations, but, in this latter area, some effort should be made to determine the extent to which Southern regions of the three Prairie provinces can be used for sunflowerseed production.

Agri-business. - A major input, and one that has been deficient in the past, is the development of communication between agri-business and producers. Rapid transmission of market news and developments would greatly assist producers, and ways and means of accomplishing this should be found. In the area of marketing and

processing, agri-business has been doing an effective job for primary producers but these efforts must be continued and accelerated.

Consumer. — Exposed to subtle and aggressive advertising, the consumer is not always conscious of the price factor. This is amply illustrated in the edible oils field, where heavily advertised imported products carrying a price tag exceeding that of locally grown and produced products get preference, even where the quality and performance differ only slightly or not at all.

Governments. — The role of governments, both federal and provincial, fits best into the areas of research and the encouragement of good farming practices. They can play an important part also in market development in co-operation with the private sector. They should avoid, as far as possible, regulatory measures that might have the effect of slowing down the movement of products off the farm into the market place.

Discussion Mr. W.J. Craddock, University of Manitoba, Winnipeg. The purpose of this paper is to reiterate and supplement the contributions of Mr. Carmichael on the Outlook and Mr. McAnsh on the implications and alternatives of this Outlook, in an attempt to stimulate the discussion on oilseeds.

Restricted marketing opportunities for wheat and feedgrains have, in large part, explained the expanded acreages of rapeseed and flax during the last couple of years. Despite a near doubling of production in each of the past two years, rapeseed prices remain strong. However, flaxseed prices have declined substantially in the face of large supplies. The difference in price reaction to the supply situation for these two oilseeds reflects, in part the size of the world markets in which they are competing. Canadian flaxseed accounts for some 60 per cent of the world's export market. However, although rapeseed exports by Canada represent about 40 per cent of world trade in rapeseed, they only represent five to eight per cent of world trade in edible oils.

In view of Canada's relatively small share of the world edible oil market, there would seem to be considerable potential for expanded production in Canada over the longer term. However, as indicated by Mr. Carmichael in the Outlook statement and by Mr. McAnsh, in the Implications paper, there is perhaps need to hold the line on production increases in 1971. The carryover of rapeseed at the end of the current crop year could be in the range of 15 to 20 million bushels, somewhat more than required for working purposes. Furthermore, the transition to low erucic acid varieties in 1972 makes it desirable to ensure low carryover at the end of the 1971-72 crop year.

When we look at the market potential for next year for any crop, and transform this into acreage requirements, one major factor seems to have been omitted in the Outlook paper. That is, how do these acreage projections correspond with what farmers might or would like to produce in aggregate. Last year, and it would appear again this year, many farmers received substantially greater returns per acre from rapeseed than from most other crops. Whether producers, in aggregate, hold their 1971 rapeseed acreage to 1970 levels and expand barley will depend in large part on the expected relative returns and marketing prospects for these crops. The Outlook does not give many clues as to what the price implications for rapeseed will be if production is expanded next year. For many producers, a substantially lower price for rapeseed would still give a better return per acre than barley at current price levels.

For example, if no final payment is realized from barley this year, the average gross return at the farm will be something less than \$27 an acre (\$.65 per bushel and 41.2 bushels an acre). Rapeseed, on the other hand, is likely to return, on average, near \$40 an acre. Production costs per acre do not differ in a major way for these crops. Therefore, if barley prices are no better than \$.65 to \$.85 a bushel next year, the farm price of rapeseed could fall to \$1.40 to \$1.80 a bushel, and still give many farmers as great a return as barley.

My concern is that we are advising farmers to establish production levels next year without consideration of the relative profitability of different crops. If six million acres of rapeseed next year means a price of \$1.50 per bushel and/or very limited marketings, then perhaps we should advise producers to hold production. However, this type of price forecasting has not been undertaken. When individual farmers finalize their planting decisions next spring, they will have to make their own estimates of expected prices if they are not forthcoming from more sophisticated market analysis.

During the past several months, much has been said of the corn blight situation in the United States. As indicated in the Outlook, corn production problems and substantially higher soybean prices could lead to expanded U.S. production next year and correspondingly, to oversupply and lower prices in the world edible oils market. However, there are now some indications that there may not be a shortage of blight-resistant seed corn in the U.S. Therefore, soybean production may not expand as much as initial expectations. Much uncertainty exists with respect to United States production of grains and oilseeds. It is too early in the year to make any meaningful assessment of the impact of corn blight problems on Canadian grain and oilseed prices and marketing opportunities next year.

Rapeseed exports and domestic crushings in the current and future crop years are highly dependent upon an effectively operating marketing system. It is doubtful that the wide fluctuations in rapeseed futures prices during the past few months have been conducive to establishing and expanding our rapeseed sales. For those of you not familiar with recent rapeseed prices, let me point out that, basis the November futures contract, the price fell from above \$2.70 a bushel in mid-August to \$2.24 on September 21 and then rose to a high of \$3.33 a bushel on November 16. (Obviously, this last price cannot be reflected back to producers in the cash price.) Surely these price swings reflect some major technical problems in the Canadian rapeseed market.

I will close my comments with a brief look at flaxseed. If price expectations do not improve over present levels, it is unlikely that producers will seed anywhere near this year's acreage, if marketing prospects next year for other crops hold up. The Outlook indicates that export clearances are not likely to exceed this past year's level of 18.6 million bushels. Given the very low flaxseed prices, my own feelings are that substitution for synthetic products should result in exports somewhat greater than last year. However, unless these sales expand significantly, we will still have a carryover of flaxseed next July substantially greater than in past years, and much larger than required for working purposes.

August-October Marketings
of Flaxseed and Rapeseed
Above Previous Year

Data recorded for this quarter of the 1970-71 crop year, indicate that primary deliveries of flaxseed have amounted to 7.9 million bushels, 45 per cent above the 1969 comparable total of 5.4 million, and 19 per cent more than the recent ten-year average for the period of 6.6 million. Marketings of

rapeseed at 17.5 million bushels registered sharp increases over the corresponding 1969-70 figure of 9.2 million and the recent ten-year average of 4.9 million.

Exports of Flaxseed,
Rapeseed and Soybeans

During the first three months of the 1970-71 crop year exports of Canadian flaxseed amounted to 3.3 million bushels, practically unchanged from the comparable period of 1969 but slightly below the ten-year (1959-68) average for the period of 3.4 million. The major markets for this oilseed with figures in millions of bushels were as follows: Netherlands 1.2, Japan 0.8, Belgium and Luxembourg 0.5, Federal Republic of Germany 0.4 and Spain 0.3. The remainder was accounted for by relatively smaller shipments to France, Britain, Switzerland and United States.

Exports of rapeseed from August 1 to October 31, 1970, at 4.5 million bushels, were 33 per cent above the comparable 1969 figure of 3.4 million and considerably more than the recent average of 1.4 million. Japan and the Netherlands were the major importers, at 3.0 million and 1.0 million and accounted for 66 per cent and 23 per cent, respectively, of the three-month total while the remainder was imported by Pakistan and Italy.

Customs exports of soybeans during the first three months of the 1970-71 crop year amounted to 50 thousand bushels compared with 45 thousand the previous year.

Rapeseed Movement

On October 23, 1970 the Agriculture Minister H.A. (Bud) Olson has instructed the Board of Grain Commissioners to make its elevator facilities available to ensure the export movement of Canadian rapeseed.

Pacific coast grain handling facilities are operating at capacity, Mr. Olson said.

"I have, therefore, called on the Board of Grain Commissioners to be in a position to handle rapeseed, particularly at Edmonton and possibly at Saskatoon.

"I have instructed the Board to be ready to receive rapeseed on a carlot or on a trucklot basis for the account of grain companies," Mr. Olson said.

The Board has already offered space for rapeseed to grain companies, but so far there has been little response.

Mr. Olson said the Board of Grain Commissioners has now agreed to take in rapeseed at its elevators, clean it to export requirements and ready it for movement to Pacific coast terminals.

If properly scheduled, nearly a million bushels a month could be handled at the government elevator at Edmonton.

The additional cost for handling grain at government interior elevators is 6 1/2 cents stop-off charge per hundredweight if the grain is received by rail, plus an elevation charge.

There is no stop-off charge for grain received by truck.

"From the marketing point of view, it would be advantageous to have a relatively large quantity of rapeseed available for export at the government elevator in Edmonton," Mr. Olson said.

Quota on Flaxseed The Canadian Wheat Board in its Instructions to the Trade re Quotas — Flaxseed No. 6 under date of December 8, 1970 stated that effective immediately, at all delivery points within the designated area, the regular quota of five (5) bushels per quota acre of flaxseed as indicated in our Instructions to the Trade re Quotas (General) No. 4 of October 23, 1970, is hereby increased to eight (8) bushels per quota acre of flaxseed as shown in the individual producer's permit book.

Quota on Rapeseed The Canadian Wheat Board in its Instructions to the Trade re Quotas — Rapeseed No. 5 under date of November 5, 1970 stated that effective immediately, at all delivery points within the designated area, the regular quota of five (5) bushels per quota acre of rapeseed as indicated in our Instructions to the Trade re Quotas — Rapeseed No. 2 of August 21, 1970, is hereby increased to eight (8) bushels per quota acre of rapeseed as shown in the individual producer's permit book.

November Estimate of Production of the Principal Grain Crops in Canada, 1970 This report is based on yields as indicated during the third week of October. At that time, the major portion of the 1970 harvest of the Prairie cereal and oilseed crops was completed with only about one per cent of the grains and some flax remaining. Some grain fields harvested in a tough condition, as a result of snowfall, required artificial drying but these cases were limited. Oilseed crops were good although higher dockages were reported in rapeseed compared with last year.

November Estimate of the 1970 Production of Grain and Oilseed Crops
Canada, Compared with 1969

Crop	Area		Yield per acre		Production	
	1969	1970	1969	1970(1)	1969	1970(1)
	acres				bushels	
<u>CANADA</u>						
Winter wheat	360,000	355,000	39.8	43.9	14,328,000	15,584,000
Spring wheat(2) ...	24,607,700	12,129,000	27.2	26.0	669,948,000	315,935,000
All wheat	24,967,700	12,484,000	27.4	26.6	684,276,000	331,519,000
Oats for grain	7,655,000	7,149,000 ^r	48.5	51.5	371,387,000	367,850,000
Barley	9,535,100	10,042,900	39.7	41.4	378,383,000	415,704,000
Fall rye	821,300	875,700	17.7	22.6	14,535,000	19,800,000
Spring rye	106,000	139,000	18.5	18.9	1,958,000	2,627,000
All rye	927,300	1,014,700	17.8	22.1	16,493,000	22,427,000
Mixed grains	1,740,300	1,939,800	50.2	50.8	87,346,000	98,573,000
Corn for grain	978,000	1,189,500 ^r	75.1	84.4	73,426,000	100,348,000
Buckwheat	99,700	151,800 ^r	17.0	18.7	1,695,000	2,833,000
Peas, dry	73,000	86,400	17.5	18.9	1,280,000	1,631,000
Beans, dry	90,000	82,000	21.7	22.6	1,951,000	1,857,000
Flaxseed	2,340,700	3,368,300	11.8	14.5	27,548,000	48,932,000
Rapeseed	2,012,000	3,950,000	16.6	18.1	33,400,000	71,300,000
Soybeans	322,000	335,000	23.8	31.0	7,664,000	10,385,000
					pounds	
Mustard seed	267,000	200,000	966	940	258,000,000	187,900,000
Sunflower seed	48,000	70,500 ^r	708	785	34,000,000	55,350,000

(1) As indicated on the basis of conditions on or about October 22. (2) Includes durum wheat. r Revised figures. Note: All estimates are field-run basis.

November 1970 Estimate
of Production of Oilseed
Crops by Provinces

The 1970 flaxseed crop, now estimated at a record 48.9 million bushels is 78 per cent above last year's outturn of 27.5 million and 155 per cent above the 1959-68 average of 19.2 million bushels. Acreage sown to this crop increased 44 per cent this year and average yields at 14.5 bushels per acre are 23 per cent above last year's 11.8 bushels. Rapeseed production in 1970 is estimated at a record 71.3 million bushels compared with 33.4 million last year and the ten-year average of 14.6 million bushels. Acreage seeded to this crop was some 96 per cent larger than in 1969 and average yields of 18.1 bushels per acre are 9 per cent above last year. Production of soybeans currently estimated at a record 10.4 million bushels is 36 per cent larger than last year's 7.7 million. The average yield per acre is estimated at 31.0 bushels compared with 23.8 bushels last year and the ten-year average of 28.5 bushels per acre.

Acreege, Yield and Production of Oilseed Crops, by Provinces, Canada, 1969 and 1970

Crop and province	Acreege		Yield per acre		Production	
	1969	1970	1969 ^r	1970(1)	1969 ^r	1970(1)
	acres		bushels		bushels	
<u>Flaxseed</u>						
Quebec	16,800	16,000	11.4	12.1	192,000	194,000
Ontario	3,000	2,000	15.3	17.0	46,000	34,000
Manitoba	1,100,000	1,150,000	9.3	10.9	10,200,000	12,500,000
Saskatchewan	770,000	1,500,000	14.0	16.5	10,800,000	24,800,000
Alberta	450,000	700,000	14.0	16.3	6,300,000	11,400,000
British Columbia	900	300	11.1	13.3	10,000	4,000
Totals	2,340,700	3,368,300	11.8	14.5	27,548,000	48,932,000
<u>Rapeseed</u>						
Manitoba	196,000	350,000	17.9	18.0	3,500,000	6,300,000
Saskatchewan	1,000,000	2,000,000	18.2	18.0	18,200,000	36,000,000
Alberta	816,000	1,600,000	14.3	18.1	11,700,000	29,000,000
Totals	2,012,000	3,950,000	16.6	18.1	33,400,000	71,300,000
<u>Soybeans</u>						
Ontario	322,000	335,000	23.8	31.0	7,664,000	10,385,000
<u>Sunflower seed</u>						
			pounds		pounds	
Manitoba	48,000	65,000 ^r	708	800	34,000,000	52,000,000
Saskatchewan	—	3,000 ^r	—	650	—	1,950,000
Alberta	—	2,500 ^r	—	560	—	1,400,000
Totals	48,000	70,500 ^r	708	785	34,000,000	55,350,000
<u>Mustard seed</u>						
Manitoba	37,000	25,000	810	840	30,000,000	21,000,000
Saskatchewan	180,000	120,000	990	985	178,000,000	118,200,000
Alberta	50,000	55,000	1,000	885	50,000,000	48,700,000
Totals	267,000	200,000	966	940	258,000,000	187,900,000

(1) As indicated on basis of conditions on or about October 22.

^r Revised figures.

Note: All estimates are field-run basis.

Continued on page 54.

Farmers' Marketings
of Flaxseed and Rapeseed

Marketings of flaxseed and rapeseed in the Prairie Provinces from the beginning of the current crop year to November 25 were higher than the comparable deliveries of the previous year and the ten-year average.

Deliveries of flaxseed amounted to 11.1 million bushels, 15 per cent above the comparable 1969-70 total of 8.7 million and 38 per cent more than the ten-year (1959-68) average for the period of 8.1 million bushels. Rapeseed marketings, at 25.7 million bushels, were more than double the 12.4 million during the corresponding period of 1969 and considerably higher than the ten-year average of 5.8 million bushels.

Farmers' Marketings of Flaxseed and Rapeseed in the Prairie Provinces
1970-71 with Comparisons

Period or week ending		Flaxseed(1)			
		Man.	Sask.	Alta.	Total
		thousand bushels			
August	12, 1970	—	1	1	1
	19	—	2	7	9
	26	20	14	20	54
September	2	62	61	115	238
	9	57	106	96	259
	16	159	194	146	499
	23	395	584	220	1,199
	30	176	660	401	1,237
October	7	829	913	242	1,984
	14	343	392	138	873
	21	364	293	49	706
	28	297	429	91	816
November	4	314	693	267	1,274
	11	214	485	149	848
	18	211	424	95	730
	25	118	231	57	405
Totals		3,558	5,481	2,093	11,132
Similar period 1969		4,277	2,803	1,618	8,698
10-year average similar period 1959-68		4,202	2,145	1,703	8,051
		Rapeseed(2)			
August	12, 1970	—	1	1	3
	19	—	26	—	26
	26	5	156	21	183
September	2	158	801	420	1,380
	9	179	1,013	238	1,430
	16	460	1,482	770	2,712
	23	370	2,088	1,857	4,315
	30	104	1,033	1,075	2,213
October	7	279	712	745	1,735
	14	85	468	554	1,107
	21	173	534	466	1,173
	28	61	556	573	1,190
November	4	162	640	653	1,455
	11	191	1,174	455	1,821
	18	380	1,716	904	3,000
	25	199	1,071	690	1,960
Totals		2,807	13,473	9,423	25,702
Similar period 1969		1,306	6,826	4,231	12,363
10-year average similar period 1959-68		493	2,849	2,448	5,790

(1) Includes receipts at country, interior private and mill, interior semi-public terminal elevators and platform loadings.

(2) Includes receipts at country and mill elevators.

Marketings of Ontario Soybeans Marketings of Ontario soybeans during the first three months of the 1970-71 crop year amounted to 3.3 million bushels, 52 per cent more than the comparable 1969-70 total of 2.2 million, 14 per cent above the ten-year (1959-60 - 1968-69) average of 2.9 million but 16 per cent below the 3.9 million of 1968-69. Following the pattern of the previous years the heaviest marketings of this oilseed occurred in the month of October.

Marketings of Soybeans in Ontario(1) 1970-71 with Comparisons

Month	10-year average 1959-60-1968-69	1968-69	1969-70	1970-71
bushels				
August	63,897	134,799	41,090	19,408
September	138,163	199,637	60,185	194,898
October	2,703,428	3,590,974	2,079,036	3,095,328
November	1,107,331	1,570,722	1,255,300	
December	405,954	464,529	522,027	
January	392,456	823,793	408,309	
February	321,948	599,976	735,757	
March	266,653	451,436	434,725	
April	362,783	364,762	398,855	
May	324,453	289,140	384,749	
June	284,237	166,151	402,193	
July	151,021	207,289	185,283	
Totals	6,522,324	8,863,208	6,907,509	

(1) Ontario Soybean Marketing Board.

Visible Supply of Canadian and United States Soybeans at Eastern Elevators
November 25, 1970 Compared with Approximately the Same Date 1968 and 1969

Position	1968	1969	1970
thousand bushels			
<u>Canadian</u>			
Sarnia	900	650	1,009
Toronto	793	461	957
Montreal	94	293	139
Sub-totals	1,787	1,404	2,105
<u>United States</u>			
Montreal	—	87	—
Sorel	—	—	275
Trois-Rivières	1,629	—	250
Quebec	395	—	274
Baie Comeau	62	—	1,381
Port Cartier	1,434	—	1,485
Sub-totals	3,520	87	3,665
Totals	5,307	1,491	5,770

Commercial Supplies Total commercial supplies of Canadian flaxseed at November 25 of the current crop year, at 10.3 million bushels, were above both the comparable 1969 level of 7.6 million and the 5.8 million of 1968. Most of the increase was accounted for by larger totals in country elevators. The 5.2 million bushels in this position was 63 per cent higher than the 3.2 million at the same date in 1969 and 86 per cent more than the 2.8 million of 1968. Other increases were registered in Thunder Bay, Vancouver-New Westminster, in transit lake and interior private and mill elevators. Rapeseed supplies in commercial positions at November 25 of this year amounted to 18.4 million bushels, higher than both the 10.3 million of 1969 and the 6.4 million at the corresponding date in 1968. The bulk of this grain was in country elevators (10.0 million) in transit rail western division (2.6 million) and in Vancouver-New Westminster (2.1 million).

Visible Supply of Canadian Flaxseed, November 25, 1970 Compared with Approximately the Same Date 1968 and 1969

Position	1968	1969	1970
	thousand bushels		
Country elevators — Manitoba	1,238	1,039	903
Saskatchewan	989	1,534	3,525
Alberta	567	622	774
Sub-totals	2,794	3,195	5,202
Interior private and mill	105	99	114
Interior terminals	21	1	—
Vancouver-New Westminster	475	640	866
Thunder Bay	826	1,609	1,632
In transit rail (western division)	1,321	1,459	1,181
Bay, Lake and upper St. Lawrence ports ...	—	—	38
Lower St. Lawrence and Maritime ports	281	445	722
In transit lake	—	111	522
Totals	5,823	7,559	10,277

Visible Supply of Canadian Rapeseed, November 25, 1970 Compared with Approximately the Same Date 1968 and 1969

Position	1968	1969	1970
	thousand bushels		
Country elevators — Manitoba	209	189	966
Saskatchewan	2,002	3,042	5,506
Alberta	1,328	1,871	3,482
Sub-totals	3,539	5,102	9,954
Interior private and mill	437	847	776
Interior terminals	2	1	378
Vancouver-New Westminster	1,609	2,145	2,059
Victoria	—	—	373
Thunder Bay	281	733	1,150
In transit rail (western division)	548	1,177	2,555
Lower St. Lawrence and Maritime ports	30	274	356
In transit lake	—	—	814
Totals	6,446	10,279	18,415

Grading of Flaxseed and Rapeseed 1970-71

Cars of flaxseed inspected by the Board of Grain Commissioners for Canada during the first three months of the 1970-71 crop year amounted to 3,135 cars, in contrast to the 2,328 cars of this oilseed inspected during the comparable period of 1969-70. Some 91.4 per cent of the August-October 1970-71 inspections of flaxseed graded No. 1 C.W. compared with 87.0 per cent for the comparable period a year ago.

Cars of rapeseed inspected during August-October of the 1970-71 crop year, at 4,213 cars were 74 per cent above the 2,419 cars of this oilseed inspected in the first three months of the previous crop year. The 97.7 per cent of the August-October 1970 rapeseed inspections which were graded No. 1 Canada represents an increase over the 93.2 per cent falling into this category in 1969-70.

Gradings of Flaxseed and Rapeseed Inspected(1),
August-October 1970-71 with Comparisons

Grain and grade	Crop year		August-October			
	Average	1969-70	1969-70		1970-71	
	1964-65 — 1968-69		cars	per cent	cars	per cent
<u>Flaxseed</u>						
1 C. W.	81.1	70.1	2,026	87.0	2,866	91.4
2 C.W.	2.5	3.7	94	4.0	75	2.4
3 C.W.	0.8	1.2	36	1.5	36	1.1
4 C.W.	0.1	0.2	6	0.3	4	0.1
Tough (2) (3)	12.1	21.3	105	4.5	128	4.1
Damp (2) (4)	2.4	2.0	6	0.3	1	(5)
Rejected (2)	0.6	0.9	40	1.7	15	0.5
All others	0.4	0.6	15	0.6	10	0.3
Totals	100.0	100.0	2,328	100.0	3,135	100.0
Bushel equivalent (approximately)			4,476,000		6,326,000	
<u>Rapeseed</u>						
1 Canada		92.9	2,255	93.2	4,114	97.7
2 Canada		2.7	80	3.3	24	0.6
3 Canada		0.8	21	0.9	12	0.3
Others		3.5	63	2.6	63	1.5
Totals		100.0	2,419	100.0	4,213	100.0
Bushel equivalent (approximately)			5,313,000		9,455,000	

- (1) Both old and new crop.
- (2) All grades.
- (3) Moisture content 10.6 per cent to 13.5 per cent.
- (4) Moisture content over 13.6 per cent.
- (5) Less than .05 per cent.

Lake Shipments
from Thunder Bay

Total shipments of flaxseed and rapeseed out of Lakehead terminals from the opening of navigation to November 25, 1970 amounted to 19.0 million bushels, almost double the 9.9 million at the comparable date in 1969. The season of navigation opened on April 8, 1970 while the 1969 season opened on April 11. Shipments of flaxseed at 11.8 million and rapeseed at 7.2 million bushels accounted for 62 per cent and 38 per cent, respectively, of the 1970 total.

Combined lake shipments of flaxseed and rapeseed from August 1 to November 25 of the current crop year, amounted to 9.6 million bushels sharply above the 1969 figure of 5.2 million. During the period under review, shipments of flaxseed and rapeseed moved in larger volume this year than last.

Lake Shipments of Canadian Oilseeds from the Opening of Navigation to November 25, 1970 and to Approximately the Same Date 1959 to 1969

Year	Flaxseed	Rapeseed	Total
		bushels	
1959	6,130,792	—	6,130,792
1960	8,243,128	—	8,243,128
1961	7,516,935	—	7,516,935
1962	7,901,579	—	7,901,579
1963	6,516,099	—	6,516,099
1964	9,159,772	59,359	9,219,131
1965	10,632,775	1,337,317	11,970,092
1966	13,484,944	1,099,458	14,584,402
1967	10,092,115	928,921	11,021,036
1968	4,982,174	379,192	5,361,366
1969	7,865,206	2,033,887	9,899,093
1970	11,845,543	7,200,838	19,046,381

August 1 to November 25

1969	3,974,092	1,273,640	5,247,732
1970	5,380,466	4,212,260	9,592,726

Rail Shipments
from Thunder Bay

Rail movement of flaxseed and rapeseed from the Lakehead during the first quarter of the 1970-71 crop year amounted to 195,000 bushels compared with the 194,000 bushels shipped during the comparable period of 1969-70.

Rail Shipments from Thunder Bay

Month	1969-70			1970-71		
	Flaxseed	Rapeseed	Total	Flaxseed	Rapeseed	Total
						bushels
August	86,886	—	86,886	23,548	19,967	43,515
September ...	60,931	13,207	74,138	66,032	11,054	77,086
October	15,732	17,681	33,413	72,560	2,220	74,780
Totals ..	163,549	30,888	194,437	162,140	33,241	195,381

Domestic Market Crushings of the four major oilseeds, flaxseed, soybeans, rapeseed and sunflower seed, in Canada during the period August-October 1970, have accounted for a total of 513.2 million pounds compared with 417.1 million pounds for the same period of the previous year. Most of the current total is accounted for by crushings of some 370.5 million pounds of soybeans as compared with 299.0 million pounds during the comparable period of 1969. Crushings of flaxseed at 40.1 million pounds, represent an increase of 60 per cent over the comparable 1969 figure of 25.1 million pounds. The total amount of rapeseed crushed during August-October 1970, amounted to 95.3 million pounds, some 8 per cent more than last year's comparable total of 88.7 million pounds. Crushings of sunflower seed during the first three months of the current crop year amounted to 7.3 million pounds considerably more than the 4.3 million at the comparable period the previous year.

Crushings of Vegetable Oilseeds and Production of Oil and Oil Meal, 1967-68 - 1970-71

	Crop Year			August-October	
	1967-68	1968-69	1969-70	1969	1970
	thousand pounds				
<u>Crushings</u>					
Flaxseed	126,913	116,780	139,416	25,116	40,097
Soybeans	1,190,767	1,203,253	1,420,734	299,017	370,545
Rapeseed	257,955	346,691	388,400	88,655	95,330
Sunflower seed	24,401	24,246	21,228	4,295	7,261
<u>Oil Production</u>					
Flaxseed	44,946	41,044	47,963	8,643	13,667
Soybeans	198,999	204,027	240,564	51,174	64,219
Rapeseed	103,471	140,543	153,042	35,416	37,833
Sunflower seed	9,967	9,449	8,583	1,727	2,837
<u>Meal Production</u>					
Flaxseed	78,274	71,644	87,072	15,694	25,260
Soybeans	944,641	952,656	1,117,487	236,375	291,010
Rapeseed	148,349	196,414	228,464	51,272	56,377
Sunflower seed	8,599	9,150	8,621	1,709	2,678

Month-end Stocks in Crushing Plants of Oil and Meal, October 1968-70

	Oil			Meal		
	1968	1969	1970	1968	1969	1970
	thousand pounds					
Flaxseed	2,729	3,507	4,777	10,401	5,172	7,846
Soybeans	7,935	9,446	9,721	16,674	23,456	23,346
Rapeseed	2,598	4,483	2,910	6,993	4,905	7,783
Sunflower seed	77	117	602	1,345	343	720

Flaxseed — Selected Statistics, 1967-68 — 1970-71

	Crop year			August-October	
	1967-68	1968-69	1969-70	1969	1970
	bushels				
<u>Flaxseed</u>					
Stocks at beginning					
of crop year	11,830,585	4,678,047	4,908,606	4,908,606	5,813,000
Production	9,378,000	19,666,000	27,548,000	27,548,000	48,932,000
Imports	1,138	4,925	6,664	—	—
Exports	12,610,558	13,421,430	18,610,818	3,269,602	3,303,966
Domestic crushing	2,266,312	2,085,364	2,489,564	448,495	716,014
	cents and eighths per bushel				
<u>Prices(1)</u>					
August	348/3	346/6	319/2		269/2
September	345	339/6	322/1		272/3
October	332/7	332	322/6		263/5
November	345	321/5	305/5		
December	345/1	316/1	276/1		
January	348/5	327/7	280/5		
February	348/6	330/4	284		
March	342/4	325/4	277/6		
April	332	327/6	276/4		
May	354/3	329/3	278		
June	350	327/1	281/7		
July	354/6	343/5	280		
Yearly average	345/5	330/6	292		
	pounds				
<u>Flaxseed oil</u>					
Exports	21,986,300	10,865,400	21,279,500	1,115,100	7,894,400
Domestic production ...	44,946,101	41,044,253	47,963,333	8,642,919	13,667,434
	tons				
<u>Flaxseed meal</u>					
Exports	6,990	5,929	6,500	1,765	6,208
Domestic production ...	39,137	35,822	43,536	7,847	12,630

(1) Winnipeg Grain Exchange No. 1 C.W. Flaxseed, basis Thunder Bay.

FARMERS' MARKETINGS OF FLAXSEED, PRAIRIE PROVINCES

(SPECIFIED PERIODS)

MILLION BUSHELS

MILLION BUSHELS

30 —

30 —

25 —

25 —

20 —

20 —

15 —

15 —

10 —

10 —

5 —

5 —

0 —

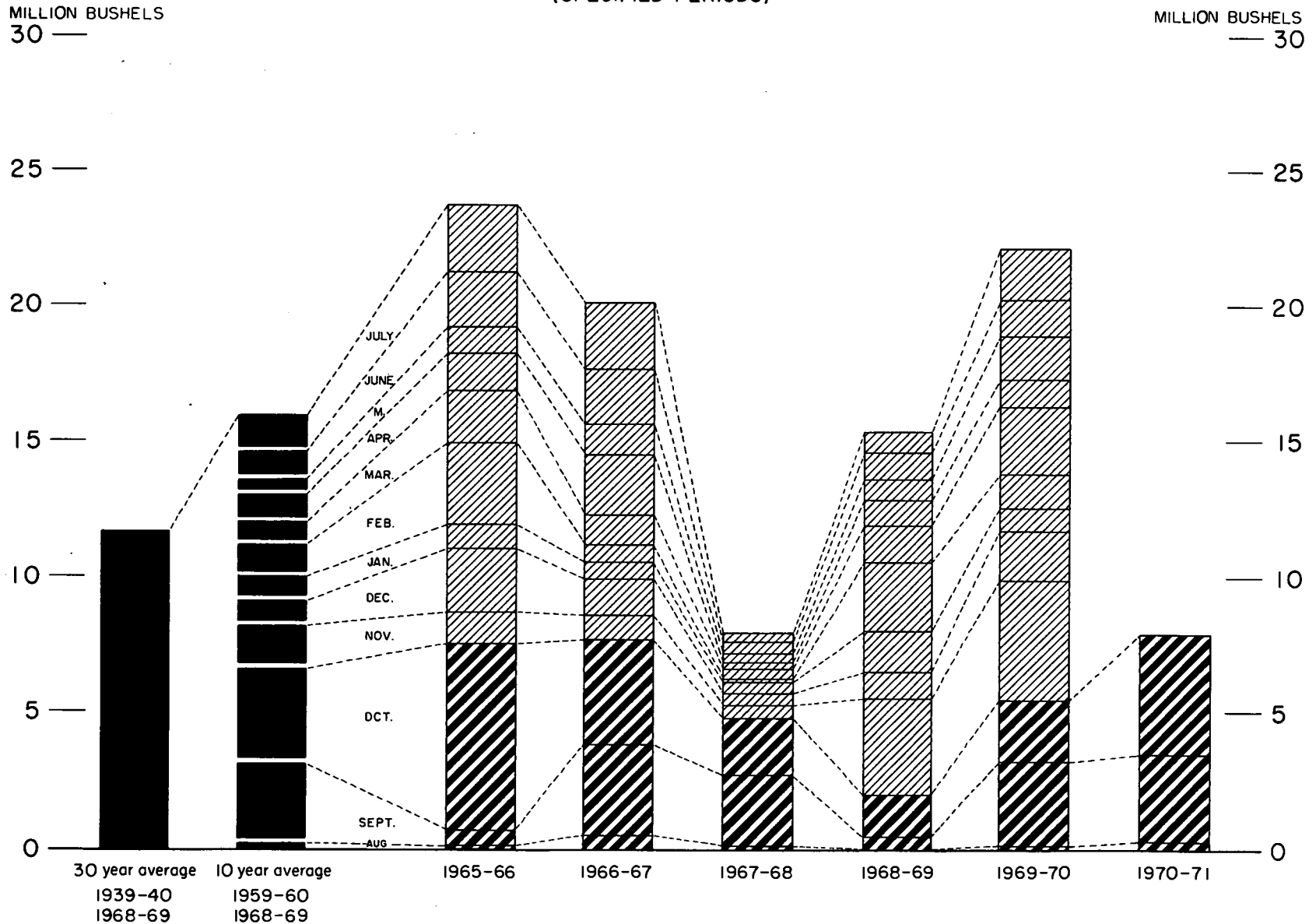
0 —

30 year average
1939-40
1968-69

10 year average
1959-60
1968-69

JULY
JUNE
MAY
APR.
MAR.
FEB.
JAN.
DEC.
NOV.
OCT.
SEPT.
AUG.

1965-66 1966-67 1967-68 1968-69 1969-70 1970-71

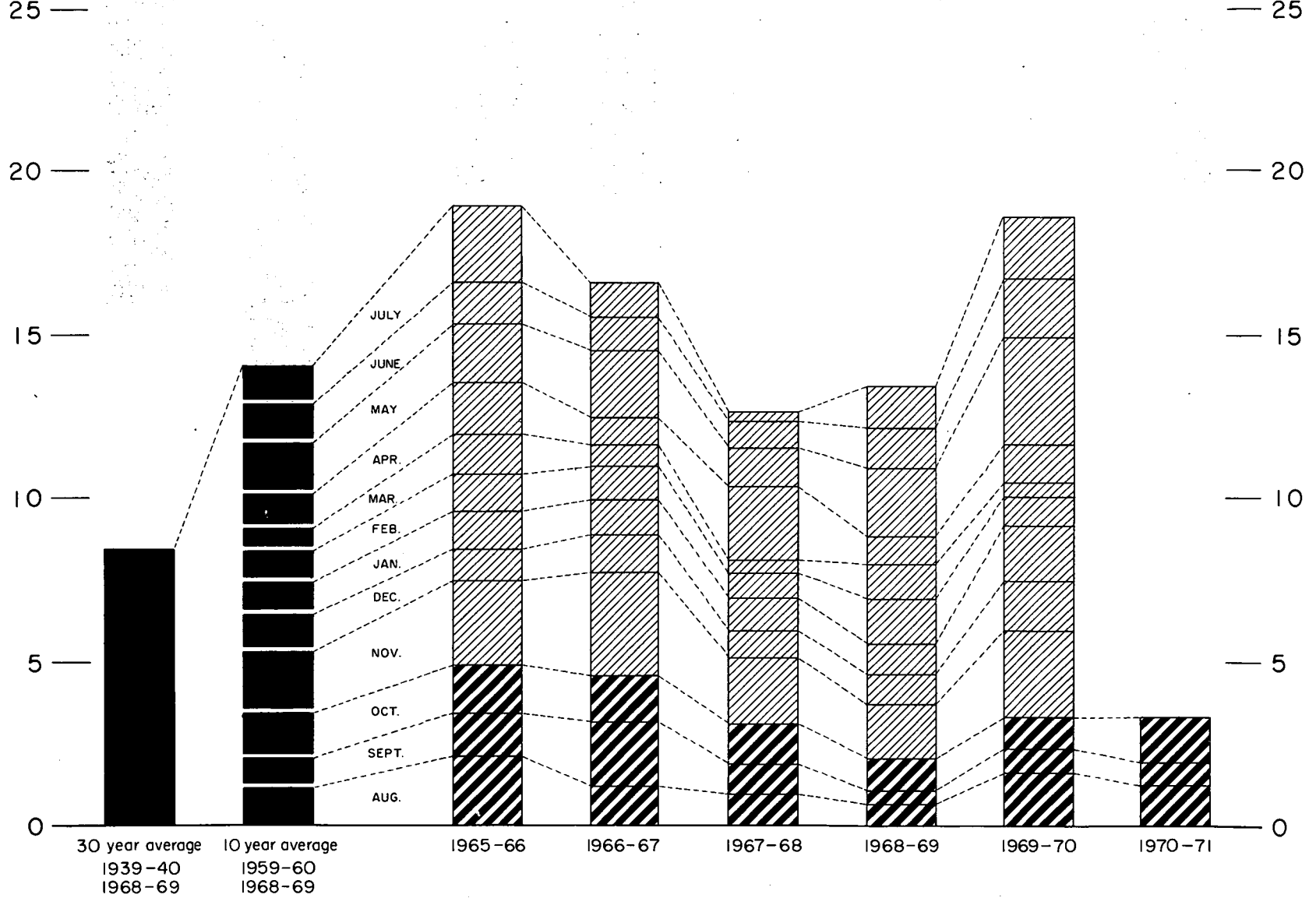


EXPORTS OF CANADIAN FLAXSEED

(SPECIFIED PERIODS)

MILLION BUSHEL
25 —

MILLION BUSHEL
— 25



FARMERS' MARKETINGS OF RAPESEED, PRAIRIE PROVINCES

(SPECIFIED PERIODS)

MILLION BUSHELS

40 —

35 —

30 —

25 —

20 —

15 —

10 —

5 —

0

MILLION BUSHELS

40 —

35 —

30 —

25 —

20 —

15 —

10 —

5 —

0

12 year average
1957-58
1968-69

10 year average
1959-60
1968-69

1965-66

1966-67

1967-68

1968-69

1969-70

1970-71

AUG.
SEPT.
OCT.
NOV.
DEC.
JAN.
FEB.
MARCH
APRIL
MAY
JUNE
JULY

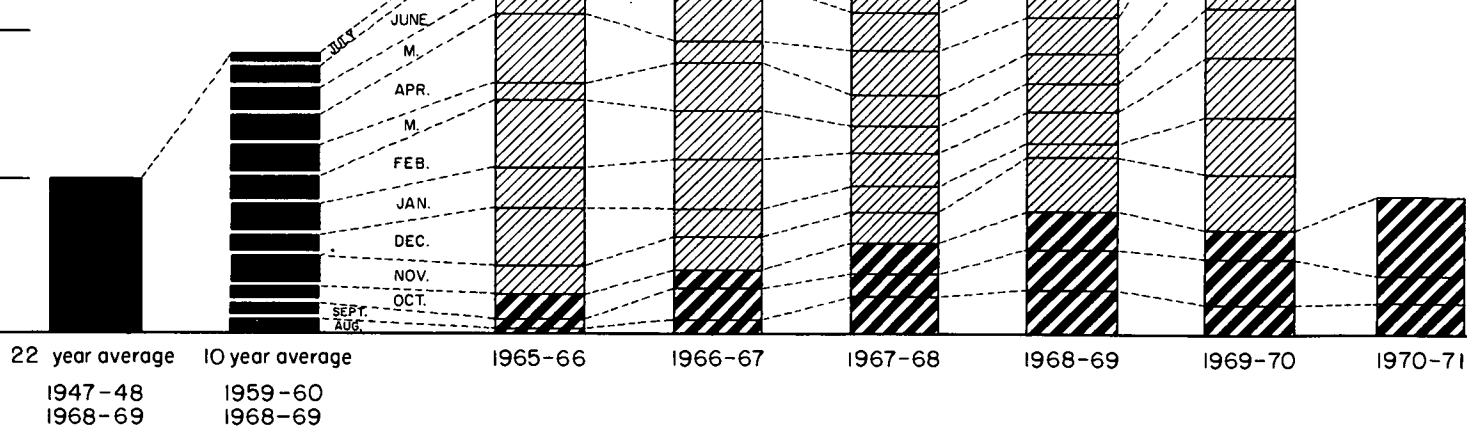
EXPORTS OF CANADIAN RAPESEED (SPECIFIED PERIODS)

MILLION BUSHELS
35 —

MILLION BUSHELS
35 —

30 —
25 —
20 —
15 —
10 —
5 —
0

30 —
25 —
20 —
15 —
10 —
5 —
0



Rapeseed — Selected Statistics, 1967-68 — 1970-71

	Crop year			August-October	
	1967-68	1968-69	1969-70	1969	1970

bushels

Rapeseed

Stocks at beginning of crop year	5,827,190	9,923,480	5,069,084	5,069,084	3,660,000
Production	24,700,000	19,400,000	33,400,000	33,400,000	71,300,000
Exports	12,308,678	14,311,194	22,212,620	3,429,867	4,549,600
Domestic crushing	5,159,104	6,933,822	7,768,008	1,773,090	1,906,591

cents and eighths per bushel

Prices(1)

August	258	209/1	204/5	267/3	—
September	238	214/6	220/6	251/4	240/6(2)
October	231/4	208/3	262/7	—	255/7(2)
November	232/1	215/4	282/3		
December	235/7	227/2	285/5		
January	233/1	234/7	325/4		
February	231/2	244/5	313/6		
March	224/2	231/2	271/5		
April	212/6	226/6	279/1		
May	213/2	219	290/7		
June	210/3	215	303/5		
July	201/2	217/6	283/5		
Yearly average	226/6	221/7	277		

pounds

Rapeseed oil

Domestic production ...	103,470,711	140,543,142	153,042,127	35,416,236	37,832,803
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tons

Rapeseed meal

Domestic production ...	74,175	98,207	114,232	25,636	28,188
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(1) Winnipeg Grain Exchange No. 1 Canada Rapeseed, basis in store Vancouver ending September 25.

(2) Beginning September 8, basis in store Thunder Bay.

Soybeans - Selected Statistics, 1967-68 - 1970-71

	Crop year			August-October	
	1967-68	1968-69	1969-70	1969	1970
	bushels				
<u>Soybeans</u>					
Production	8,091,000	9,027,000	7,664,000	7,664,000	10,385,000
Imports	13,328,316	12,469,497	17,429,968	3,318,998	4,824,053
Exports	1,570,763	1,122,895	1,111,412	44,903	50,133
Domestic crushing ...	19,846,111	20,054,212	23,678,894	4,983,622	6,175,756
	cents and eighths per bushel				
<u>Prices(1)</u>					
August	297/3	270/4	267/1		276/3
September	295	261/5	249		277/6
October	287/6	248/7	245/5		291/4
November	276/6	254/7	246/6		
December	271/5	257/6	245/3		
January	273/6	260/4	251/4		
February	276/5	261/2	257/5		
March	276/3	260	262/2		
April	272/3	264/7	268/1		
May	272/1	267/2	273/5		
June	269/1	264/3	279/1		
July	269/5	270/3	288/5		
Yearly average	278/4	261/7	261/2		
	pounds				
<u>Soybean oil</u>					
Imports	20,941,700	25,651,900	38,566,900	4,734,300	14,321,300
Exports	30,291,500	32,090,600	45,714,700	8,549,400	17,706,700
Domestic production .	198,999,327	204,026,576	240,564,281	51,173,839	64,218,962
	tons				
<u>Soybean meal</u>					
Imports	237,107	246,826	266,009	72,103	71,682
Exports	169,321	131,235	165,482	30,314	49,596
Domestic production .	472,321	476,328	558,743	118,187	145,505

(1) Buying prices, carlots, f.o.b. Chatham, No. 2 and better.

Monthly Prices of Oils and Meals(1) Crop Years 1968-69 - 1970-71

Year and month	Linseed oil	Rapeseed oil	Soybean oil	Linseed meal(2)	Rapeseed meal	Soybean meal
	cents per pound			dollars per ton		
<u>1968-69</u>						
August	13.89	7.93	9.26	117.20	60.00	115.80
September	13.78	7.97	9.01	117.80	63.73	117.80
October	13.67	7.90	8.84	118.00	64.15	110.80
November	13.22	8.04	9.61	118.00	62.07	104.40
December	13.44	8.66	10.37	118.00	59.40	104.00
January	13.89	8.94	10.05	118.40	58.83	102.60
February	13.67	8.93	9.97	119.00	58.87	102.10
March	13.74	8.92	10.35	119.40	59.29	103.93
April	13.67	8.86	10.11	119.20	60.82	106.20
May	13.67	8.93	10.28	119.40	62.05	110.50
June	13.37	8.15	9.26	120.20	64.03	111.33
July	13.86	8.29	9.47	120.20	62.52	109.13
Yearly average ...	13.66	8.46	9.72	118.73	61.31	108.22
<u>1969-70</u>						
August	14.11	8.76	10.35	119.40	62.72	107.78
September	14.59	8.75	10.50	120.00	60.56	107.62
October	13.86	9.40	11.88	119.60	65.38	105.25
November	13.48	10.67	13.31	119.40	62.48	99.83
December	12.78	10.23	11.32	119.80	65.75	105.16
January	12.26	10.34	11.68	119.40	69.29	113.85
February	12.08	11.15	13.33	120.00	72.35	112.52
March	12.00	11.53	14.79	120.20	66.19	106.61
April	11.37	11.53	15.25	120.20	64.71	104.94
May	11.41	11.54	14.47	120.20	65.22	108.88
June	11.70	11.68	13.96	119.80	67.12	111.59
July	11.89	11.60	14.02	120.80	71.60	112.02
Yearly average ...	12.63	10.60	12.90	119.90	66.11	108.00
<u>1970-71</u>						
August	10.23	11.92	13.87	119.80	72.78	115.48
September	11.56	12.16	14.53	120.40	73.84	113.66
October	11.74	13.15	15.95	119.80	66.79	104.00

(1) Average wholesale prices paid to crushers by processors and manufacturers.

(2) Average retail prices to farmers.

Exports of Canadian Flaxseed(1) 1970-71 and 1969-70

Destination	August 1970	September 1970	October 1970	August - October	
				1970-71	1969-70 ^r
bushels					
<u>Western Europe</u>					
EEC:					
Belgium and Luxembourg ...	187,113	78,739	207,256	473,108	60,325
France	—	35,554	—	35,554	66,500
Germany, Federal Republic	126,574	210,000	86,116	422,690	116,502
Italy	—	—	—	—	51,520
Netherlands	262,413	299,990	679,360	1,241,763	828,949
Sub-totals	576,100	624,283	972,732	2,173,115	1,123,796
<u>Other Western Europe</u>					
Britain	21,200	—	—	21,200	751,826
Spain	346,623	—	—	346,623	201,890
Switzerland	5,834	—	—	5,834	—
Sub-totals	373,657	—	—	373,657	953,716
Totals	949,757	624,283	972,732	2,546,772	2,077,512
<u>Eastern Europe</u>					
Czechoslovakia	—	—	—	—	96,700
<u>Asia</u>					
Japan	248,825	118,720	389,640	757,185	955,022
Korea, South	—	—	—	—	39,368
Totals	248,825	118,720	389,640	757,185	994,390
<u>Oceania</u>					
Australia	—	—	—	—	101,000
<u>Western Hemisphere</u>					
United States(2)	—	—	9	9	—
Totals, all countries	1,198,582	743,003	1,362,381	3,303,966	3,269,602

(1) Overseas clearances as reported by the Statistics Division, Board of Grain Commissioners for Canada.

(2) Compiled from returns of Canadian elevator licensees and shippers and advice from American grain correspondents.

^r Revised figures.

Exports of Canadian Rapeseed(1) 1970-71 and 1969-70

Destination	August 1970	September 1970	October 1970	August-October	
				1970-71	1969-70
bushels					
<u>Western Europe</u>					
EEC:					
Italy	1,931	—	—	1,931	—
Netherlands	203,445	—	836,051	1,039,496	180,653
Sub-totals	205,376	—	836,051	1,041,427	180,653
<u>Other Western Europe</u>					
Britain	—	—	—	—	70,838
Totals	205,376	—	836,051	1,041,427	251,491
<u>Asia</u>					
Japan	812,662	325,608	1,847,983	2,986,253	3,174,382
Pakistan	—	521,920	—	521,920	—
Totals	812,662	847,528	1,847,983	3,508,173	3,174,382
Sub-totals, all countries	1,018,038	847,528	2,684,034	4,549,600	3,425,873
United States(2)	—	—	—	—	3,994
Totals, all countries	1,018,038	847,528	2,684,034	4,549,600	3,429,867

(1) Overseas clearances as reported by the Statistics Division, Board of Grain Commissioners for Canada. (2) Customs exports.

Customs Exports of Canadian Soybeans 1970-71 and 1969-70

Destination	August 1970	September 1970	October 1970	August-October	
				1970-71	1969-70
bushels					
<u>Western Europe</u>					
EEC:					
Germany, Federal Republic	—	—	44,288	44,288	—
<u>Other Western Europe</u>					
Britain	247	—	—	247	37,333
Sweden	3,312	—	2,211	5,523	7,570
Sub-totals	3,559	—	2,211	5,770	44,903
Totals	3,559	—	46,499	50,058	44,903
<u>Western Hemisphere</u>					
Leeward and Windward Is.	—	—	42	42	—
United States	33	—	—	33	—
Totals	33	—	42	75	—
Totals, all countries	3,592	—	46,541	50,133	44,903

UNITED STATES SITUATION

The following summary of the fats and oils situation in the United States has been taken from the November 1970 issue of the Fats and Oils Situation published by the Economic Research Service, United States Department of Agriculture.

Summary. - Smaller soybean carryover stocks and a 1970 crop only slightly larger than last year's are reducing 1970-71 soybean supplies 5 per cent to 1,363 million bushels.

Use in 1970-71 likely will expand to approximately 1.3 billion bushels. This would exceed both the record use last year and the 1970 soybean crop.

Thus, carryover next September will likely be drawn down to minimum operating levels and possibly to the smallest volume since the 36 million bushels in 1966.

Reduced soybean supplies and continuing strong demand are boosting prices substantially above the CCC support rate of \$2.25 per bushel (No. 1 grade). Prices received by farmers during September-October averaged \$2.72 per bushel, 46 cents above the same 2 months in 1969. Soybean prices after harvest likely will remain strong. Favourable prices received for 1970-crop soybeans should encourage farmers to plant more soybeans in 1971.

Soybean crushings for the marketing year that started September 1 may run around 5 per cent above last year's 737 million bushels. The prospective record grind reflects continuing strong demand for soybean oil and meal both domestically and abroad. Most of the price strength this fall is in soybean oil; the October average was 14 cents per pound (crude, Decatur), about 3 1/2 cents above October 1969. Soybean meal prices in October at \$77 per ton were about unchanged from last year. Processing margins remain favourable, averaging 45 cents per bushel this September-October compared with about 50 cents the same 2 months in 1969 and 33 cents in 1968.

The soybean oil situation this fall is relatively tight and the 1970-71 season's high for soybean oil prices will likely occur during the October-December quarter. Soybean crushers will be operating near capacity levels and the oil inventory remains relatively low. Domestic use and export requirements continue heavy, providing strength to the market. Soybean oil exports during October-December are expected to be sharply above last year, with most of the increase in commercial sales, including barter. Prices later in the marketing year will be affected by competition from foreign oils such as sunflower, peanut, fish, palm oils and rapeseed. World oil production in 1971 (mainly from 1970 oilseed crops) is expected to expand somewhat, with most of the increase in rapeseed and palm oils.

Foreign demand for soybeans holds strong even though some recovery appears likely in world output of competitive oilseeds and fish meal. U.S. soybean exports this season may increase as much as 5 per cent from last season's 429 million bushels. However, higher U.S. soybean prices may dampen foreign sales enough to hold exports around the 1969-70 record. Soybean processing capacity has expanded in Western Europe and Asia, requiring increased imports of soybeans. Crushing margins in Europe, which are usually higher than those in the United States, also remain favourable.

Cottonseed oil supplies for the 1970-71 marketing year are estimated at 1.5 billion pounds, a tenth less than a year ago. The 1970 cottonseed crop is up slightly but August 1 carryover stocks of oil were down sharply. Cottonseed oil prices (crude,

Valley) have been strong, averaging 13 cents per pound during August-October or about 3 cents above the same months in 1969. Cottonseed crushings and oil production are lagging year-earlier levels, due to the delayed harvest of the crop. Also, prices of the other major fats and oils are generally higher this fall than last. Farmers' prices for 1970-crop cottonseed averaged \$52 per ton during August-October, sharply above last year's \$38.

Two billion pounds of lard, the estimated supply for the current marketing year, would mean a gain of about 8 per cent from 1969-70. The gain is due to increased hog slaughter as the downtrend in lard yield per animal continues. Domestic use is expected to rise above the 1.4 billion pounds in 1969-70 but exports may decline slightly. Lard exports and shipments in 1969-70 rose over 40 per cent to 405 million pounds, as movement to the United Kingdom picked up with the assistance of the 1 cent per pound U.S. export payment. Lard prices (loose, Chicago) in October averaged 12 cents per pound, slightly above a year ago but below current prices of competitive soybean oil.

SITUATION IN AUSTRALIA

The following information relative to the Australian oilseed situation has been extracted from a report from Mr. R.A. Groundwater, Assistant Commercial Secretary for Canada, Melbourne, under date of November 18, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

General. - The Australian vegetable oil seed industry is progressing rapidly with domestic production of safflower, sunflower, soybean, rapeseed, peanuts and cottonseed supplying 44 per cent of the total Australian availability of these seeds in 1969-70. The proportion of seeds imported has decreased from 73 per cent in 1964-65 to the present level of 56 per cent and is expected to decrease further in 1970-71. The inclusion of coconut and copra, palm kernel and palm oil increases the total imported percentage in 1969-70 to 64 per cent. There is a possibility of dual purpose oil and edible oil (which can be produced in Australia) encroaching on the market for palm derivate oils, depending upon developments in processing technology, relative prices and trade policies in relation to the Territory of Papua, New Guinea. However, there has been no reduction in the domestic use of these oils in the last four years and, under present conditions, these oils will continue to be used.

Plantings of safflower, sunflower, soybeans and rapeseed have increased rapidly in the past few years and with the traditional supplies of linseed, cottonseed and peanuts, the oilseed industry seems to be in a position to rapidly increase production to a level commensurate with domestic needs as well as possible exports of surplus production.

Linseed usage seems to be static requiring about 7,000 tons (276,000 bushels) per year or, conversely, 70,000 acres if average yield remains constant. Excess production would be, by necessity, exported at prices lower than domestic levels in eastern States. As most linseed is contracted, the supply situation is likely to be in balance with domestic requirements.

Cottonseed production is unlikely to continue to increase significantly in the near future, as the cotton industry virtually supplies the total domestic raw cotton market which is more lucrative than export sales. Consequently, this factor, plus policy decisions in the industry will probably lead to static production.

Domestic oil from peanuts is a by-product of peanut production, thus oil depends upon yield and the per cent of kernels down-graded for oil production. Peanut acreage has shown a slight upward trend in recent years with probable future oil production varying from 2,000 to 6,000 tons, depending upon seasonal conditions for peanuts.

The other oilseed crops of sunflower, safflower, rapeseed and soybeans are basically grown for their oil content with oil production rising from 4,000 tons in 1964-65 to approximately 12,300 tons in 1969-70. The increase is primarily the result of changing profitability of other crops and, in particular, the reduction in wheat acreage. Sunflower production has increased dramatically indicating that the crop can be profitably grown while rapeseed, only in its infancy, may show a corresponding trend.

Australian supplies of all vegetable oils rose from 64,600 tons in 1964-65 to nearly 86,300 tons in 1969-70. The increase has been largely the result of domestic production as total imports fluctuate around 50,000 tons per year with the intake of edible oils varying from 23,000 tons to 29,000 tons per year.

Australian consumption of edible oils both domestically produced and imported (excluding palm type oils) was approximately 32,000 tons in 1968-69 from a total of 50,500 tons used for edible purposes, compared with 22,400 tons and 39,000 tons in 1964-65, respectively. However, the availability and expected usage of edible oils has remained relatively static at the 50,000 ton level for the three years to 1968-69. The growth that did take place in edible oil consumption came from the use of vegetable oils in margarine (although drastically curtailed by legislation) and from larger quantities used in cooking and salad oils.

Industrial requirements have fluctuated over the years but averaged about 20,500 tons for the five years ended 1968-69. Given a growth rate of 3 per cent for domestically produced edible and dual purpose oils, the requirement would be approximately 45,000 tons by 1975. If 10,000 - 13,000 tons of peanut and cottonseed oil are produced there will be a market for 33,000 - 35,000 tons per year for sunflower, safflower, rapeseed and soybeans. This assumes that these oils are not substituted for palm type oils. It is not likely that any changes in margarine laws will occur which could increase consumption dramatically.

The acreage required for the hypothesized consumption would be in the order of 200,000 - 400,000 acres depending on yield, although with the oilseed industry in its infancy, it is difficult to make an accurate prediction. However, with the expected extensive increases in acreage, production of selected oilseeds could rapidly reach the stage of self sufficiency.

There are difficulties within the industry including agronomic problems although these are slowly being overcome. The crushing industry requires some re location of plants as well as updating. Distances from producer to crushing plants are large in some cases, although the protection afforded the industry compensates for such difficulties. Whether or not the industry can be competitive on world markets is questionable but the optimists believe that seed could be exported successfully. There is a great deal of optimism within the industry for a potential acreage of several million acres which would require seed to be exported. In any case, the industry will develop rapidly with emphasis on sunflower and rapeseed.

There is little accurate information readily available in Australia regarding

the acreage of oilseeds which have been planted and which will be planted in the near future. Of major interest is the production of safflower, sunflower, soybeans and rapeseed. It appears that over 200,000 acres of safflower and sunflower have been or will be planted in Australia. At present, it seems that the majority of the crop will be sunflower as it is a summer crop and can be planted relatively late.

Drought conditions have reduced safflower acreage with little being planted in Queensland. Sunflower and safflower production is increasing in Victoria with the former largely on dryland and the latter on irrigated. Approximately 16,000 acres of safflower have been sown on dryland but there have been problems of drought, mites and frost which will affect the yield. Nevertheless, the experiment is expected to be relatively successful and a larger planting can be expected next year.

Rapeseed acreage has increased rapidly with over 100,000 acres supposedly planted - the acreage to be harvested is expected to be somewhat less. Victoria will probably harvest about 50,000 - 60,000 acres with Western Australia harvesting approximately 10,000 - 12,000 acres. The situation in New South Wales is unknown and there have been reports of large acreages being planted. There are indications that farmers have planted rape (and other oilseeds) without contracts, creating substantial difficulties in determining acreages. Although no estimates have been made, production may be in the vicinity of 20,000 - 25,000 tons of seed.

SITUATION IN ARGENTINA

The following information relative to the Argentine oilseeds situation is taken from a report from Mr. S.E. Kidd, Assistant Commercial Secretary (Agriculture) Canadian Embassy, Buenos Aires, under date of November 10, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce. Conversions to Canadian measures have been made for the convenience of our readers.

Flaxseed. - A total of 916,500 hectares (2.3 million acres) of flaxseed have been planted in 1970-71 according to the second official estimate of the Secretariat of Agriculture and Livestock. This estimate was issued on September 16.

The unfavourable conditions which resulted from the prolonged drought of the southern hemisphere autumn and winter were the principal reasons for the smaller sown area. The area was 4 per cent less than last year, and 4 per cent and 19 per cent less than the averages of the last five- and ten-year periods, respectively.

The provinces of Cordoba and Santa Fe had sharply lower planted areas and there were no flaxseed sowings whatsoever in La Pampa. On the other hand, sowings were larger in the main producing provinces of Buenos Aires and Entre Rios.

Sowings of flaxseed by province in 1970-71, compared with 1969-70, are estimated to be as follows:

	<u>1969-70</u>	<u>1970-71</u>
	thousand acres	
Buenos Aires	1,147	1,284
Entre Rios	679	693
Santa Fe	310	245
Cordoba	199	32
Corrientes	11	10
La Pampa	5	—
Totals	<u>2,351</u>	<u>2,264</u>

Despite problems of lack of moisture in Cordoba and Santa Fe, the flaxseed plants are now at the budding stage. In Buenos Aires the plants are in full flower and are at a somewhat more advanced stage in Entre Rios. The condition of the crop is generally satisfactory in these latter two provinces.

The government has not yet established a linseed oil support price for the 1970-71 crop and it will be only a short time before the milling of the new crop begins.

Flaxseed prices have weakened slightly in the past three months, dropping from 29.40 pesos per 100 kilos (\$1.91 per bushel) at the close in July to 28.80 pesos (\$1.87 per bushel) at the end of October.

Linseed expellers have also been stable, closing at 253 pesos per ton in October. Linseed oil prices have been stable at the support price of 56 pesos.

Sunflowerseed. — On October 21, the Secretariat of Agriculture and Livestock issued the first estimate of the area sown to sunflowerseed in 1970-71 of 1,670,000 hectares (4.1 million acres), the second largest in history. This would be 13.4 per cent larger than the area planted in 1969-70, and 27.2 per cent and 38.4 per cent more than the average plantings of the last five- and ten-year periods, respectively. The Secretariat stressed that as sunflowerseed is sown partly on the stubble of the fine grains crops, this estimate could only be regarded as an early indication of the actual sowings for 1970-71. However, if weather conditions continue to be favourable, it is probable that an even larger area will be sown to sunflowerseed in view of the favourable prospects for the marketing of the crop.

The area sown to sunflowerseed is larger in every province. The greatest percentage increase was in the northern province of El Chaco where the sown area doubled. Plantings have now been completed in the northern provinces. The increases in area in Cordoba and Santa Fe were very slight as preseeding and early seeding work could not be carried out because of poor weather conditions. However, conditions have now improved and a larger area than originally estimated could be sown.

The area sown to sunflowerseed, by province, in 1970-71 compared with 1969-70, is now estimated to be as follows:

	<u>1969-70</u>	<u>1970-71</u>
	thousand acres	
Buenos Aires	2,138	2,445
Santa Fe	618	630
Cordoba	578	593
Chaco	149	296
San Luis	62	69
Other provinces	90	91
Totals	3,637	4,125

Sunflowerseed prices have fluctuated considerably in the past three months falling from 41.80 pesos per 100 kilos (\$1.45 per bushel) at the end of July to as low as 33.50 pesos (\$1.16 per bushel) at one time during September before recovering to 39.40 pesos (\$1.37 per bushel) at the end of the month and 38.20 pesos (\$1.33 per bushel) at the close in October.

Peanuts. — The sowing of peanuts has been completed in the province of Cordoba, which accounts for almost the entire crop, but the plants are suffering the effects of the lack of moisture. In Santa Fe, on the other hand, the plantings have taken place under favourable weather conditions and seedings should now be completed.

Peanut prices have fluctuated somewhat in the past three months but were relatively firm by the end of October at 55 pesos per 100 kilos.

Soybeans. — The sowings of soybeans were well underway at the end of October, helped in some provinces by the recent rains. The plants that have germinated are in satisfactory conditions.

SITUATION IN BRITAIN

The following information relative to oilseeds in Britain has been extracted from a report received from Mr. G.D. Cooper, Commercial Officer (Agriculture) for Canada, London, under date October 27, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Supplies. — A strong import demand particularly for edible oils has been maintained during the year following a rundown in consumers' stocks in 1969.

A 6 per cent rise in United Kingdom imports of the major oils and oilseeds to 376,000 long tons (oil equivalent) in the first half of the current year was mainly attributable to increased purchases of soybeans and oil and cottonseed and palm oils. Imports of sunflower oil fell by more than 50 per cent.

The demand for edible supplies rose by 14,000 long tons while imports in the edible/industrial group increased by 10,000 long tons. Expansion in purchases in the edible group was due chiefly to heavier purchases of soybeans and oil and cottonseed oil offsetting a major fall in imports of sunflower oil. Palm oil accounted for the entire rise in the volume of edible/industrial supplies in the first half of 1970.

United Kingdom rapeseed production. — A revised estimate of production of rapeseed in the United Kingdom for the year 1969-70 is given as 11,000 long tons. Only a very small acreage of rapeseed is grown in the United Kingdom, although it is considered a useful break crop. Latest estimates indicate that only some 18,000 acres of rapeseed are grown for producing oil, and 48,000 acres for stock feeding purposes.

Margarine production. — In May this year the Prices and Incomes Board approved increases in the prices of margarine and cooking fats imposed by the manufacturers in January. Approval by the Board was given on account of further substantial increases in raw material costs. The Board's report explains that in view of the time available and the predominant position of Van den Berghs & Jurgens (Unilever Group) in the production of margarine and cooking fats the Board concentrated its enquiries on that firm. Van den Berghs & Jurgens produce about 70 per cent of the total annual output of margarine and about 35 per cent of compound cooking fats in the United Kingdom.

Further trade price rises on some products averaging 7 per cent have since been imposed by Van den Berghs & Jurgens, but they will have to be justified by evidence of further significant increases in costs.

The Prices and Incomes Board forecasts an increased demand for margarine if the United Kingdom enters the Common Market, when butter prices will probably rise. Present consumption runs at 300,000 long tons per annum compared with 500,000 long tons of butter. Overall demand for yellow fats has been virtually static, but margarine's share of the market has risen since the introduction of new products and packaging in 1968.

Heavy raw material cost increases and the E.E.C. butter surplus have added to the difficult market situation for margarine sales this year. Edible oil prices have also risen heavily and the sudden fall in Russian sunflower supplies has contributed to shortages considered to be the most critical since the War.

International Association of Seed Crushers Congress. — The Forty-seventh full Congress of the International Association of Seed Crushers was held in London from July 6 to July 9, 1970 with some 800 delegates representing 35 countries in attendance.

Mr. C.A.C. de Boinville, President of the International Association of Seed Crushers, in his opening address stated that severe cuts in oilseeds and oil production outside of the United States and depleted stock levels had caused a world shortage which even the major increase of some 1 million long tons in American soybean oil supplies had been unable to fulfil. Mr. de Boinville said that it was too early to assess the pattern of supplies for 1971 but he contended that there must be increased world production. He mentioned that soybeans would continue in ample supplies and forecast a heavy increase in the forthcoming Canadian rapeseed crop. World palm oil production is also expected to increase.

The President mentioned that the current year's fall in supplies owed much to a dramatic reduction in sunflower oil supplies from Russia and East Europe — a fall of 6 per cent in 1969 compared with an increase of 56 per cent during the period 1963-68. He mentioned that there has been a suggestion that there has been some reversion this year in the oil content of sunflowerseeds after rising significantly in recent years due to the development of hybrid strains. The combination of these factors seem likely to result in a drop this season of some 400,000 long tons in supplies of sunflower oil from Russia and East Europe.

Other important factors affecting the market have been the disappearance of the fish oil supplies prevalent at the end of 1968, groundnut crops in West Africa and India were also smaller and there has been a significant drop in supplies of copra and coconut oil. The outcome has meant that the past year has been one of unusual shortage.

Mr. de Boinville emphasized the increasing importance of palm oil with world exports now exceeding 700,000 long tons a year compared with 550,000 long tons in 1965. This figure could increase dramatically.

He also mentioned that Europe's seed crushing was dominated by soybeans and rapeseed which accounted for 65 per cent of the total oilseed crushings in the Common Market last year.

Markets. — Prices of edible oils rose steadily during the first five months of 1970 and have continued generally firm with prices of most major oilseeds and oils above the price levels for the comparable period of the previous year. In September 1968, the general level of oils and fats prices had been near its lowest point for

the whole post-war period. Prices on average are now 50 per cent above that level and individual oils have shown particularly sharp increases.

Increasing consumer demand and further export sales from Europe to the Middle East have recently kept prices of soft edible oils rising. In the technical oil section, the linseed oil market has reacted from its recent depression and made a good recovery. There has been a marked improvement in consumer demand for groundnut oil and active trade has taken place in the Dutch soybean oil market. There are also signs of more interest developing for sunflower seed oil and rapeseed oil and the price of palm oil has increased slightly. New crop West African groundnuts have increased in price but offers of United States soybeans reflected an easier trend.

Imports into the United Kingdom of the Major Oilseeds
and Vegetable Oils

	<u>January-June</u>	
	<u>1969</u>	<u>1970</u>
	'000 long tons - oil equivalent	
<u>Edible group</u>		
Groundnuts	67	66
Soybeans	29	58
Cottonseed	9	38
Rapeseed	22	15
Sunflowerseed	56	20
Totals	<u>183</u>	<u>197</u>
<u>Edible - industrial group</u>		
Copra	38	33
Palm kernels	29	27
Palm oil	59	76
Totals	<u>126</u>	<u>136</u>
<u>Industrial group</u>		
Linseed	29	28
Castor seed	13	14
Tung	3	1
Totals	<u>45</u>	<u>43</u>
Grand totals	<u>354</u>	<u>376</u>

NOTE: 1 long ton = 2,240 pounds.

SITUATION IN FRANCE

The following information relative to oilseeds in France is extracted from a report provided by Mr. F.G. Beaudette, Agricultural Secretary, Canadian Embassy, Paris, under date of October 23, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Domestic production. — The French oilseeds crop in 1970 appears relatively good despite the poor climatic conditions of the past year. The winter rapeseed sown in September 1969 had a good start but the later-sown areas had irregular germination and slow growth due mainly to the drought which lasted into November. The excessive moisture from then until April generally prevented the use of fertilizers, and weed and pest control chemicals. However, the winter rapeseed crops survived with less damage than originally anticipated. Spring seeding of rape and sunflowers was delayed by climatic conditions. Harvest of winter rape varieties started in early July and yields have proven disappointing in most areas except in the South. Spring varieties yielded well. Following are the latest estimates of 1970 oilseeds area and production compared with the previous two years.

	<u>Area</u>			<u>Production</u>		
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
	thousand acres			thousand metric tons		
Rapeseed	620	709	776	458	512	565
Sunflowerseed	35	44	69	31	34	45
Oil flax	10	7	N.A.	6	4	N.A.
Others (poppy, hemp, etc)	15	15	N.A.	5	6	N.A.

Oilseed crushings, and production of by-products. — Groundnuts (peanuts) and rapeseed are by far the two most important oilseeds crushed in France. The following table will provide details on the quantities crushed in 1969 and on the production of oils and meals.

	<u>Crushings</u>	<u>Oils</u>	<u>Meals & Cakes</u>
		thousand pounds	
Peanuts	1,007,502	458,557	545,638
Rapeseed	762,792	313,053	407,851
Copra	143,299	93,475	{ 93,034
Palm nuts & kernels	81,570	37,919	
Soybeans	101,412	16,755	79,366
Flaxseed	88,184	29,762	51,808
Castor beans	22,046	10,582	12,125
Sunflowerseed	17,637	8,818	7,937
Others	15,432	46,517	
Totals	2,239,874	1,015,439	1,197,759

French trade in seeds and products. — The attached tables will provide a number of details on French imports and exports of oilseeds and products. French rapeseed exports on a crop year basis have been increasing, with Italy, forced by EEC regulations, taking larger quantities. France has a long-term arrangement with Algeria to supply from 25 thousand to 50 thousand metric tons annually. West Germany is the only other relatively important buyer. Other French oilseeds exports are negligible except for sunflowers. France cannot be considered a large international exporter in oilseed products, as the EEC, along with former and remaining overseas possessions are taking practically all the oils and meals exported by France.

On the import side, the overall oilseed tonnage has dropped from 861,000 metric

tons in 1967 to 735,000 tons in 1969. Of special interest is the apparent increase in rapeseed imports. However when calculated on a crop year basis (August-July), the following rapeseed import figures (in metric tons) become apparent for 1969-70, with comparable statistics for 1968-69 in brackets: totals, 26,124 (36,061) of which Belgium, 57 (47); Holland, 725 (320); West Germany, 114 (19); Sweden, nil (8,799); Denmark, 454 (433); East Germany, nil (10,309); Poland, nil (15,922); Canada, 24,774 (192); others, nil (20). Canada thus was France's only large supplier of rapeseed in the last crop year.

There is a general increase in imports of oils, but as is the case for peanuts, French reliance on peanut oil is decreasing. Oilcake and meal imports also continue to increase, soybean meals from the USA and the Benelux offsetting smaller supplies of groundnut meals. However, local experts expect smaller soybean imports from the US starting this year for two reasons (a) more supplies will originate from Benelux crushers and (b) the new plant opened in March 1970 at St. Nazaire on the Atlantic Coast will turn out 350,000 tons of meal annually. Thus France will bring in more USA beans but probably less meal.

Consumption of oilseed meals. — Oilseed meals reached 1.62 million tons in 1969 against 1.57 million during 1968. A breakdown of the major types would read as follows in thousands of metric tons, with 1968 quantities in brackets: soybean, 835 (776); peanut, 381 (396); linseed, 157 (132); rape, 85 (84); sunflower, 64 (74); copra and palm, 53 (54); cottonseed, 51 (53); and castor bean, 34 (41). Fishmeal consumption increased from 123,000 to 127,000 tons, of which imports from Peru and Norway in both years accounted for 80 per cent.

Prospects. — Disposition of the 1970 rapeseed crop is expected to be split as follows: domestic 300 thousand to 350 thousand tons; Italy about 175,000; Algeria 30,000; Germany 10,000 to 15,000. Canada will probably continue to sell the odd cargo here now that the country's biggest crusher has found Canadian rapeseed quite satisfactory.

Seedings of winter rapeseed for harvest next July have been completed, but no estimate of acreage is yet available. The Ministry of Agriculture earlier indicated that the relatively poor results of 1970 in the northern half of the country may discourage a number of growers, while private industry spokesmen expect seedings to be at least as extensive as last year (around 650,000 acres for the winter varieties).

French Rapeseed Exports
(crop year: August-July)

	<u>1967-68</u>	<u>1968-69</u> metric tons	<u>1969-70</u>
Belgium	2,257	—	744
Holland	6,618	1,495	3,800
West Germany	16,602	19,119	32,234
Italy	26,391	104,633	160,852
U.K.	—	—	2,805
Spain	—	—	104
Algeria	51,203	25,048	41,040
Others	1	2	14
Totals	103,072	150,297	241,593

Other French Oilseed Exports
(calendar years 1967 to 1969)

	<u>1967</u>	<u>1968</u>	<u>1969</u>
	metric tons		
Peanuts in shell(1)	212	188	162
Peanuts shelled(1)	161	311	549
Copra(1)	14	2	10
Soybeans(1)	12	10	8
Flaxseed	40	29	101
Poppyseed	226	224	86
Sunflowerseed	5,997	3,754	23,897
Mustardseed(2)	2,843	2,256	849
Hempseed	2	30	53
Others(2)	126	203	48

(1) Re-exports, mostly to EEC partners or French overseas territories.

(2) Partly re-exports.

French Exports of Oilseed Products

	<u>1967</u>	<u>1968</u>	<u>1969</u>
	metric tons		
<u>Soya flour</u>	6	47	42
<u>Other oilseed flours</u>	51	253	255
<u>Vegetable oils, crude</u> <u>or refined for all uses</u>			
to EEC	41,235	39,559	39,929
to Franc Zone countries	20,393	21,347	17,972
others	13,607	16,342	10,928
Totals	75,235	77,248	68,829
<u>Margarine</u>			
to Franc Zone countries	1,720	1,753	2,058
others	104	128	130
Totals	1,824	1,881	2,188
<u>Oilseed cake and meals(1)</u>			
Peanut	22,222	23,190	27,878
Linseed	1,833	1,038	2,612
Copra and palmetto	817	1,634	5,828
Soybean	3,467	3,121	3,851
Cottonseed	265	86	750
Rapeseed	40,224	77,997	99,886
Sunflowerseed	13	660	437
Others	8,304	8,746	8,564

(1) Mostly to EEC partners, though Algeria is a good buyer of soybean and cottonseed meals, and the UK and Norway for rapeseed meal.

French Imports of Oilseeds

	<u>1967</u>	<u>1968</u> metric tons	<u>1969</u>
<u>Peanuts in shell</u>			
Madagascar	3,486	2,905	2,940
Israel	1,807	2,313	2,580
Others	1,738	1,743	2,910
Totals	7,031	6,961	8,430
<u>Peanuts shelled</u>			
Nigeria	158,029	165,799	214,798
Niger	155,175	137,981	134,095
Senegal	145,524	151,067	66,678
Sudan	32,435	20,339	9,190
Others	25,595	33,304	42,522
Totals	516,758	508,490	467,283
<u>Copra</u>			
New Hebrides	31,125	28,582	26,628
Philippines	20,627	17,971	9,730
French Polynesia	16,787	8,100	1,952
Indonesia	5,628	14,962	13,222
Others	11,713	10,559	11,712
Totals	85,880	80,174	63,244
<u>Palm nuts and kernels</u>	46,181	40,648	43,716
<u>Soybeans</u>			
United States	133,230	49,899	56,583
Others	3,209	118	468
Totals	136,439	50,017	57,051
<u>Castorbeans</u>	27,555	17,992	10,639
<u>Flaxseed</u>			
Canada	9,924	14,246	15,245
United States	667	8,242	6,235
Others	115	900	2,153
Totals	10,706	23,388	23,633
<u>Sunflowerseed</u>	352	897	839

French Imports of Oilseeds — Continued

	<u>1967</u>	<u>1968</u> metric tons	<u>1969</u>
<u>Rapeseed</u>			
Canada	4,557	3,619	4,883
Germany, East	—	9,129	9,174
Poland	—	2,074	15,894
Sweden	—	1,951	6,848
Others	358	1,191	1,133
Totals	4,915	17,964	37,932
<u>Mustardseed</u>			
Canada	2,646	2,351	6,687
United States	6,076	4,632	4,044
Others	705	1,077	2,082
Totals	9,427	8,060	12,813
<u>Other oilseeds (except seed for seeding).</u>	7,974	4,630	3,498
<u>Flaxseed (for seeding)(1)</u>	7,753	6,518	5,440
Totals, oilseeds	860,971	765,739	734,518

(1) Nearly all fibre flax varieties from Belgium and Holland.

French Imports of Oilseed Products

	<u>1967</u>	<u>1968</u> metric tons	<u>1969</u>
<u>Soybean flour</u>	47	944	278
<u>Other oilseed flours</u>	1	6	7
<u>Vegetable oils, of which</u>			
<u>crude castor oil</u>			
from Brazil	19,568	28,427	34,819
China	3,507	5,708	3,389
Others	3	437	106
Totals	23,078	34,572	38,314
<u>Crude linseed oil</u>			
from United States	9,607	6,985	3,817
Argentina	8,409	16,183	15,095
Others	2,589	3,518	4,296
Totals	20,605	26,686	23,208

French Imports of Oilseed Products - Continued

	<u>1967</u>	<u>1968</u> metric tons	<u>1969</u>
<u>Vegetable oils, of which (concluded)</u>			
<u>Olive oil</u> (crude or refined)	13,464	18,254	24,239
<u>Palm oil crude</u>	32,991	28,753	27,561
<u>Sunflowerseed oil crude</u>	3,753	4,072	24,650
<u>Peanut oil crude</u>			
from Senegal	129,100	118,717	83,606
Others	12,115	11,896	21,563
Totals	141,215	130,613	105,169
<u>Peanut oil refined</u>			
from Senegal	22,911	23,941	16,522
Others	656	5,096	2,046
Totals	23,567	29,037	18,568
<u>Others, oils</u>	51,569	58,033	100,797
Totals, vegetable oils (inc. flours) ..	310,290	330,970	362,791
<u>Oilseed meals and cakes</u>			
<u>Peanut</u>	224,949	163,926	161,920
<u>Linseed</u>			
from Argentina	108,830	88,888	99,050
United States	12,064	5,667	17,629
Others	16,742	10,011	19,065
Totals	137,636	104,566	135,744
<u>Soybean</u>			
from United States	527,327	625,341	625,783
Belgium	51,904	62,650	80,844
Holland	37,273	41,963	63,394
Others	9,427	9,561	32,764
Totals	625,931	739,515	802,785
<u>Cottonseed</u>			
from U.S.S.R.	31,784	38,537	39,079
Others	14,327	14,258	12,202
Totals	46,111	52,795	51,281
<u>Rapeseed</u>			
from Italy	3,288	1,015	-
Others	1,640	1,022	196
Totals	4,928	2,037	196

French Imports of Oilseed Products - Continued

	<u>1967</u>	<u>1968</u> metric tons	<u>1969</u>
<u>Oilseed meals and cakes (concluded)</u>			
<u>Castorbean</u>			
from Germany, West	13,045	12,682	9,840
United Kingdom	11,990	6,428	2,029
Brazil	2,844	5,821	11,573
Others	7,787	6,238	4,650
Totals	35,666	31,169	28,092
<u>Sunflowerseed</u>			
from U.S.S.R.	34,186	45,343	38,239
Argentina	22,235	20,118	20,121
Others	4,951	5,939	2,776
Totals	61,372	71,400	61,136
<u>Others</u>	13,856	16,573	19,942
Totals, cakes and meals	1,150,449	1,181,981	1,261,096

SITUATION IN THE E.E.C.

The following information relative to the oilseeds situation in the E.E.C. has been taken from a report supplied by Miss V.F. Wightman, First Secretary, Mission of Canada to the European Communities, Canadian Embassy, Brussels under date of November 30, 1970, and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

EEC oilseeds production. — Shown below is the mid-November estimate of EEC rapeseed production this crop year, compared with the past two years. There are no estimates yet for other oilseeds, including sunflowerseed; last year they raised the total by approximately 54,000 tons.

EEC Rapeseed Production

	<u>1968</u>	<u>1969</u> thousand bushels	<u>1970(1)</u>
Germany	7,385	6,971	8,157
France	19,969	22,452	26,288
Italy	163	154	203
Netherlands	794	538	961
Belgium	71	48	53
Totals	28,382	30,163	35,662

(1) November estimate.

Source: Production Végétale No. 11.

The continual upward trend in rapeseed sowings and production is clearly shown in the following table. Production in 1970 is 16 per cent above last year and 46 per cent over the average 1965-69.

Trends in EEC Rapeseed Production

	<u>1965-69</u> <u>Average</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Sowings - '000 acres	700	790	923	1,006
Yield - bushels per acre	35.0	35.9	32.7	35.5
Production - '000 bushels	24,533	28,382	30,168	35,666

SITUATION IN JAPAN

The following information relative to the Japanese oilseeds situation has been extracted from a report from Mr. C.D. Caldwell Assistant Commercial Secretary (Agriculture), Canadian Embassy, Tokyo, under date of December 8, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

It is estimated that Japanese consumption of edible oils and fats will reach one million metric tons in crude form in the 1970-71 fiscal year. Daily per capita consumption which has almost doubled in the past ten years, will be 26 grams. The figure is still low compared to other countries and it is about one third of that of Canada and the United States and a quarter of that of Belgium and Denmark which are the leading consuming nations on a per capita basis.

Of the total consumption of 1,044,800 metric tons of edible oils and fats, only 20 per cent is supplied domestically, the rest covered by imports. Rice bran at 60,000 metric tons and rapeseed at 15,000 metric tons comprise the major proportion of the domestic vegetable oil supply of 76,600 metric tons. Animal fats of 131,000 metric tons make up the total domestic supply of 207,600 metric tons. Total imports in the 1970-71 fiscal year are estimated at 837,200 tons in crude form, 80 per cent of which is shared by vegetable seeds. Soybeans and rapeseed are the major source of imports, accounting for more than 50 per cent of the total.

Soybean imports for the purpose of oil are estimated to reach 2,210,000 metric tons and that of rapeseed 306,000 metric tons in the 1970-71 fiscal year. As of May 1, 1971, rapeseed import quotas will be liberalized. Voices of the Japanese oilseed industry estimate that at least 400,000 metric tons (17,637,000 bushels) of Canadian rapeseed will be imported in 1970-71.

Rapeseed meal is an extremely interesting case and one which has been studied in some depth on both a scientific and economic basis. In Canada, of course, rapeseed meal matches up on both counts and within certain limits is used as a direct substitute for soybean meal. In Japan, traditionally because of poor processing, farmers had experienced difficulty in using rapeseed meal to the point where definite prejudices against its use now exist. Proper guidance on processing has encouraged crushers in Japan to produce a meal which is suitable in every respect for animal feed. Nevertheless, there is still reluctance on the part of manufacturers to admit to its use because of the fear they have of farmers reacting against their product

should it be learned that they are using this ingredient. Also, because the ingredient is not recognized as a feed additive on the part of manufacturers, it is not eligible for duty rebate from the Ministry of Finance, like its nearest competitor, soybean meal. This is because the feed manufacturers feel the volume has not yet reached sufficient level for them to apply for rebate. The Government in the first instance apparently does not know how much is being used and cannot apply the rebate until application is made. The secrecy shrouding the use of rapeseed meal in feed rations in Japan results in great difficulty in determining exactly how much is, in fact, being used. Official estimates put the figure at about 10,000 metric tons, although trade estimates would place this closer to 50,000 metric tons.

SITUATION IN THE NETHERLANDS

The following information relative to the oilseeds situation in the Netherlands, has been taken from a report prepared by Mr. D.H. Cheney, Commercial Counsellor, the Hague, Netherlands, under date of December 8, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

The Netherlands is a large importer of oilseeds and a substantial exporter of fats and oils. Domestic oilseed production is negligible compared to overall requirements. Dutch oilseed imports in 1969 totalled 1,255,000 metric tons in the following percentages: copra, 10.1; palm kernel, 11.1; rapeseed, 0.9; soybeans, 72.8; flaxseed, 0.4 and others, 1.1. If the trend of the past few years continues, imports in 1970 may well be close to 1.6 million metric tons and may reach 2 million tons in 1971. These steep increases result from the strong export demand for fats and oils, growing feedstuff requirements and higher domestic consumption.

Canada sold 40 per cent more rapeseed and flaxseed in the January-September period of 1970 than in the same period of 1969 and is now the leading supplier to the Dutch market for both of these commodities. Local use of rapeseed, which fluctuates widely, is expected to be quite low this year but may improve in 1971. Although the quantities of flaxseed used by Dutch oilcrushers have declined steadily since 1964, the volume in 1970 is likely to be 10 to 15 per cent higher than in 1969 with Canada's share increasing.

Import trends depend greatly on the world supply situation and Dutch requirements for some oilseeds are often determined by the demand in the feeds industry and exports markets.

SITUATION IN PORTUGAL

The following information relative to the oilseeds situation in Portugal has been extracted from a report from Mr. P.A. Savard, Commercial Counsellor, Canadian Embassy, Lisbon, under date of December 8, 1970, and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Portugal's domestic production of olive oil provides the major share of her domestic requirements for edible oils. Portugal is a net importer of oilseeds and oleaginous vegetable products to meet consumer and industrial demand. In 1969, imports of these products totalled 185,000 metric tons, with Nigerian groundnuts accounting for 50 per cent of the total. 1970 figures indicate that groundnuts are being replaced by soybeans from the United States and Brazil. All imports are subject to import license and at present rapeseed is imported for experimental purposes only. Canada is Portugal's main supplier of flaxseed.

SITUATION IN DENMARK

The following information relative to the oilseeds situation in Denmark has been extracted from a report by Mr. A.W. Evans, Commercial Counsellor, Canadian Embassy, Copenhagen, under date of December 9, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Unofficial production estimates indicate that the 1970 Danish rapeseed crop should reach 21,000 to 22,000 metric tons. Exports during the July-October 1970 period totalled 11,633 metric tons. The need for imports is considered unlikely. Linseed imports during the January-October, 1970 period totalled 3,797 metric tons, of which 2,685 metric tons was from Canada. Domestic requirements have been met for this year. Annual consumption is currently estimated at about 6,000 metric tons. Soybean imports during the January-October 1970 period totalled 437,879 metric tons, practically all of which was from the United States. Annual consumption of soybeans is currently estimated at 420,000 metric tons.

SITUATION IN ITALY

The following information concerning oilseeds in Italy has been extracted from a report by Mr. J.E. Montgomery, Commercial Counsellor (Agriculture), Canadian Embassy, Rome, under date of December 10, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

The 1970 Italian rapeseed production estimate is set at 5,674 metric tons, an increase of 35 per cent over 1969. No 1970 production figures are available for other oil seed crops but the 1969 production estimate for groundnuts, sunflower seed, sesame and soybeans totalled approximately 8,800 metric tons.

Italian imports of rapeseed during the seven month period January to July, 1970, amounted to 51,310 metric tons from France and 11,898 tons from Canada.

According to a trade forecast Italian rapeseed imports in the crop year August 1, 1970 to July 31, 1971 are estimated as follows: from France, 230 thousand metric tons; and from Canada, 100 thousand tons. Achievement of these figures depends on the price levels of soybeans, groundnut oil and sunflowerseed. Groundnut oil and sunflowerseed are in very short supply at present which explains the high total forecast for rapeseed imports.

SITUATION IN FINLAND

The following information relative to oilseeds in Finland is extracted from a report provided by Mr. M.B. Bursey, Commercial Counsellor, Canadian Embassy, Stockholm, under date of December 11, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Winter turnip rape is the only oilseed plant grown in Finland. Finland buys nearly all her soybeans from China. Total soybean imports in 1968 were 40,508 metric tons; in 1969 some 42,751 tons and in the January-August period of 1970 30,215 tons. Linseed imports amounted to 7,179 metric tons in 1968 (66 per cent from Canada and 33 per cent from the United States) 5,312 tons in 1969 (4,655 tons from the USSR and 528 tons from Canada), and during the January-August period of 1970, 8,134 tons. Imports of rape and turnip rape seeds were 9,768 metric tons in 1968 (5,603 from Sweden, the rest from East Germany and Poland) 6,299 metric tons in 1969 all of which came from Sweden and during the January-August period of 1970 2,950 tons were imported. Mustard seed imports were 273 metric tons in 1968 (the Netherlands and West Germany were the major suppliers, followed by Canada), 401 tons in 1969 (Canada shipped 128 metric tons, the Netherlands 104 and West Germany 78) and 143 metric tons in the January-August period of 1970. There is no customs duty on either of the above oilseeds. However, import licences are required. An import levy of 0.45 Finnish marks per kilogram is imposed on all the above seeds except mustard.

SITUATION IN SWEDEN

The following account of the current oilseed situation in Sweden has been extracted from a report by Mr. M.B. Bursey, Commercial Counsellor, Canadian Embassy, Stockholm, under date of December 8, 1970, and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

The 1970 oilseed crop (rapeseed, turnip rape and mustard seed) in Sweden is estimated at 190,600 metric tons compared to 210,700 metric tons in 1969 and the 1965-69 average of 212,600 tons.

Sweden is a net exporter of rapeseed and turnip rape (colza) seeds with exports of these two oilseeds amounting to 57,829 metric tons in 1968; 102,792 metric tons in 1969; and 24,392 tons in January-September 1970.

Imports for the same periods amounted to 129 metric tons, 92 tons and 42 metric tons, respectively. Mustard seed exports are insignificant, while imports were 698 metric tons in 1968, some 799 tons in 1969 and 781 metric tons during January-September of 1970.

Potential Canadian export opportunities are in mustard seeds (Sweden buys only 5 per cent of all imported mustard seeds from Canada) and in soybeans which are not grown locally. Total Swedish soybeans imports were 583 metric tons in 1968, 1,248 tons in 1969 and 570 tons during January-September 1970. Canada and the United States are the main and only significant suppliers of soybeans to Sweden.

SITUATION IN FEDERAL REPUBLIC OF GERMANY

The following account of the oilseed situation in the Federal Republic of Germany has been extracted from a report received from Mr. R.R. Parlour, Commercial Counsellor, Canadian Embassy, Bonn, Germany, under date of December 10, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Stocks of Germany's traditional suppliers of rapeseed are virtually exhausted and only small quantities are being imported from France. The domestic crop was processed during July and August. German oil mills are understood to have covered their needs for rapeseed until the end of February or March. During the harvest season, mills preferred soybeans, but as rapeseed became cheaper in September and October, German Traders bought large quantities of Canadian rapeseed for processing during the period January-March, 1971. The actual price situation is now in favour of soybeans as a considerable premium has to be paid for rapeseed, thus no further purchases of Canadian rapeseed can be expected for the balance of the current crop year unless the price of soybeans increases relative to rapeseed. Only small purchases of rapeseed may be expected next spring in order to fill gaps in crushing capacity. However, indications exist that there is some need for oilseeds in Eastern Europe.

SITUATION IN SPAIN

The following information relative to oilseeds in Spain is extracted from a report provided by Mr. H.E. Lemieux, Commercial Counsellor, Canadian Embassy, Madrid, under date of December 11, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

Spain is a net importer of oilseeds and only soybeans are imported which totalled 1,100,000 metric tons for the year November 1, 1969 to October 31, 1970. Import requirements for the similar period 1970-71 will be 1,200,000 metric tons. The total Spanish oilseed harvest this year is believed to have reached 274,000 metric tons (excluding olives).

SITUATION IN BELGIUM AND LUXEMBOURG

The following information relative to oilseeds in Belgium and Luxembourg is extracted from a report provided by Mr. L.A. Campeau, Commercial Counsellor, Canadian Embassy, Brussels, under date of December 10, 1970 and is reproduced with the permission of the Trade Commissioner Service, Department of Industry, Trade and Commerce.

The Belgium and Luxembourg Economic Union is a net importer of oilseeds. Imports in 1969 were 318,302 metric tons, 80 per cent of which was soybeans from the United States and 15 per cent was flaxseed (46 per cent from Canada and 53 per cent from the United States). The 1969 exports amounted to 31,622 metric tons. In the January-June period of 1970 imports were 185,511 metric tons, of which 88 per cent was soybeans and 10 per cent was flaxseed. Exports reached 15,744 metric tons during this period. Domestic oilseed production is primarily rapeseed and is practically negligible. In 1969 rapeseed production reached 1,100 metric tons and is estimated at 1,200 metric tons for 1970. The Minister of Agriculture claims that this level is about the maximum production expected for Belgium and Luxembourg. Import



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requirements are about the same as last year. Market penetration by Canadian rapeseed depends to a great extent on price and the crushing industry's ability to replace soybeans with rapeseed. Rapeseed would have to prove a long term consistent price level competitive with soybeans before major crushers would replace soybeans. The price of Canada Number 1 Western rapeseed quoted on December 9 for January-February 1971 delivery was \$3.26 per bushel Canadian (CIF Antwerp) Canada Number 1 flaxseed was quoted at \$3.16 per bushel and the quotation for Number 2 Yellow soybeans was to \$3.38 per bushel.

Continued from page 21

The area sown to sunflowers this year, is placed at a revised 70,500 acres, up considerably from the 48,000 acres planted in 1969. The indicated yield at 785 pounds per acre is 11 per cent higher than the 1969 average of 708 pounds. Indicated total production at a record 55.4 million pounds, is 63 per cent above last year's crop of 34.0 million, and 87 per cent larger than the ten-year average of 29.7 million pounds.

The area in mustard seed, all of which is grown in the Prairie Provinces, at 200,000 acres in 1970, is down 25 per cent from the 1969 area of 267,000 acres and average yields at 940 pounds per acre are 3 per cent below those of last year. Total production is expected to amount to 187.9 million pounds, 27 per cent below the 258.0 million produced in 1969. The acreage seeded to the yellow, brown and oriental types of mustard consecutively, in thousands of acres are as follows: Manitoba, 25.0, 0.0, 0.0; Saskatchewan, 61.2, 30.0, 28.8; Alberta, 26.4, 4.4, 24.2.

CALENDAR OF OILSEED EVENTS

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|-----------|-------|---|
| September | 20-23 | Representatives from 20 countries attended the International Conference on the "Science, Technology and Marketing of Rapeseed and Rapeseed Products" in Ste. Adele, Quebec. The conference was sponsored jointly by the Rapeseed Association of Canada and the Federal Department of Industry, Trade and Commerce. |
| November | 18 | Based on conditions at October 22, production of Canada's principal grain and oilseed crops in 1970 was estimated as follows, in millions of bushels, with 1969 figures in brackets: all wheat, 331.5 (684.3); oats for grain, 367.8 (371.4); barley, 415.7 (378.4); mixed grains, 98.6 (87.3); corn for grain, 100.3 (73.4); all rye, 22.4 (16.5); flaxseed, 48.9 (27.5); rapeseed, 71.3 (33.4); and soybeans, 10.4 (7.7). |
| | 23-24 | The 1970 Canadian Agricultural Outlook Conference held in Ottawa, was attended by representatives of foreign governments, federal and provincial governments, private enterprise and farm organizations. The conference included presentations and discussion on the marketing prospects for agricultural products in the coming two-year period. |