



Bi-weekly Bulletin

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LENTILS/FABABEANS

LENTILS: SITUATION AND OUTLOOK

Canada is the largest exporter and second largest producer of lentils in the world. The value of Canadian exports has averaged \$230 million (M) during the past five years. For 2004-2005, Canadian production and exports are forecast to increase from 2003-2004. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for lentils.

WORLD

Production

Lentils are best adapted to production in the cooler temperate zones of the world or in the winter season in countries, such as India and Australia, which have a warm winter and a hot summer. The seed coat colour of lentils can be clear, green, tan, grey, brown or black. The cotyledon is yellow, red or green. The two main market types are red and green.

World lentil production during the past 10 years has ranged from 2.77 million tonnes (Mt) in 1996-1997 to 3.38 Mt in 2000-2001. Although specific data is not available, an estimated 75% of world lentil production is the red type, 20% green type and 5% brown and other types. Canada and the US produce mainly the green type whereas the rest of the world produces mainly the red type.

Trade

During the past 10 years, world trade has been trending upwards from 0.65 Mt in 1995 to 1.14 Mt in 2001. In 2002, the latest year for which data is available, the top four exporting countries (Canada, Australia, Turkey and the US) accounted for 81% of world exports. About 60% of the exports were the red type, 35% green and 5% brown and other. Canada's share of world exports peaked at 48% in 2000, but was

reduced in the following two years due to lower production. Imports were distributed much more widely than exports, with the top 10 importing countries accounting for only 56% of imports.

CANADA

Production

Canadian lentil production has increased in response to market signals and contributed to the diversification of crop production in the Prairie provinces, especially in

Saskatchewan. The increase in lentil production has proven to be valuable in crop rotations which help to control weeds, diseases and insects and improve soil texture and fertility. The increased production also contributed to the expansion of the pulse crops handling, marketing and processing industry, which increased employment opportunities in rural areas. During the past 10 years, lentil production has been concentrated in Saskatchewan, which accounted for more than 95% of Canadian production. The balance was produced in Alberta and Manitoba.

Lentils are a cool season crop with a restricted root system which is only moderately resistant to high temperatures and drought. They do not tolerate water logging, flooding or soils with high salinity. In the Prairie provinces of Canada, lentils are best suited to the Brown and Dark Brown soil zones, but can be grown successfully in the Black soil zone in years without excessive moisture. Lentils work well in a rotation with cereals, such as spring or durum wheat. Nitrogen fertilizer is not recommended because lentils possess the ability to fix nitrogen in nodules on the roots, where it can be used for plant growth. The nitrogen fixed by lentils is also used by other crops in the following years. To maximize the nitrogen fixation ability, lentil

WORLD: LENTIL SUPPLY AND DISPOSITION					
	2000	2001	2002	2003	2004
	-2001	-2002	-2003	-2004p	-2005f
Harvested Area (kha)	3,875	3,955	3,690	3,730	3,950
Average Yields (t/ha)	0.87	0.82	0.79	0.80	0.84
.....thousand tonnes.....					
India	1,054	915	974	833	900
Canada	914	566	354	520	680
Turkey	380	520	565	548	550
Australia	164	266	45	95	174
Syria	73	177	133	168	160
Nepal	137	143	148	148	145
United States	137	131	117	111	142
China	116	120	130	132	125
Bangladesh	128	126	115	116	120
Iran	78	104	117	105	100
Others	199	187	210	209	204
Total Production	3,380	3,255	2,905	2,985	3,300
Carry-in Stocks	300	500	500	100	50
Total Supply	3,680	3,755	3,405	3,085	3,350
Total Use	3,180	3,255	3,305	3,035	3,200
Carry-out Stocks	500	500	100	50	150
Stocks-to-use Ratio	16%	15%	3%	2%	5%

p: preliminary
f: forecast, AAFC, Pulse Australia, USDA, May 2004
Source: FAO, Statistics Canada, USDA, Pulse Australia, UNIP, May 2004

seed should be inoculated. Lentils require 90-100 days to mature and should be seeded as soon as the soil temperature is greater than 5° Celsius.

Canadian production reached a record of 914,000 tonnes (t) in 2000-2001, but fell sharply in the following three years due to one or more of the following factors: lower seeded area, drought and excessive rainfall during the harvest. Canada is the main producer of the green type of lentils in the world, accounting for about 70% of world production. However, production of the red type has been increasing and Canada has become a significant producer. Canadian production of dark green speckled and brown types is small, accounting for only about 2% of total Canadian lentil production. The Canadian lentil harvest generally occurs

during the period from mid-August to early October.

Most of the lentils produced in Canada have a green seed coat and yellow cotyledon. They are normally referred to as large green, medium green and small green, based on the seed size. The large green type includes the Laird, Glamis, Sovereign, Grandora, Plato and Sedley varieties. Their seed size is 60-70 grams/1000 seeds. The medium green type includes the Richlea and Vantage varieties, with seed size of 50-55 grams/1000 seeds. The small green type includes the Eston, Viceroy and Milestone varieties, with seed size of about 35 grams/1000 seeds. Canadian red type of lentils have a brown or pale green seed coat with red cotyledons. The red type varieties include Crimson, Redwing, Redcap, Redberry, Robin and Blaze, with seed size of 30-40 grams/1000 seeds.

been increasing, as Canadian splitting capacity expanded through the construction of new plants.

Domestic Use

Canadian domestic use, which includes food, feed, seed, dockage, and waste, accounts for about 25% of production.

Exports

Canada exports about 75% of its production, while most other major producers export a relatively small portion of their production. Canadian lentil exports are dispersed throughout the world. The main importing countries in each region are: **Europe** (Italy, Germany, Spain, Belgium, France, Greece), **Middle East** (Turkey, Egypt), **Africa** (Algeria, Morocco) **South America** (Colombia, Venezuela, Ecuador, Chile, Brazil, Peru), **North America** (Mexico, US) and **Asia** (India, Pakistan).

Although the **large green** type of lentils is exported all over the world, the main destinations are north-western and southern Europe, northern Africa, South America, and Central America. The **medium green** type is exported mainly to the US, north-western Europe, Spain and northern Africa. The **small green** type is exported mainly to Morocco, Greece, Italy, Egypt, and Mexico. The **red** type is exported mainly to southern Asia, the Middle East and northern Africa. The **dark green speckled** type is exported mainly to France and the **brown** type mainly to Spain.

Prices

Canadian prices are largely determined in the international markets because Canada exports about 75% of its production. Since Canada produces most of the green type of lentils in the world, while it is a relatively small producer of the red type, the level of production in Canada has much more influence on green type prices than on red type prices. The substitution of one type of lentil with another is very limited. Therefore, it is common for wide price spreads to exist between different types of lentils. Since there is no futures market for lentils, prices are negotiated directly between dealers and customers, based on supply and demand factors for each type of lentil, for immediate delivery or for delivery at some future date. Some lentils are grown under production contracts, which guarantee a price for part of the production, but most are sold on the spot market.

Marketing

All of the lentils produced in Canada are sold on the open market to dealers. With the increase in production, the number of dealers across the Prairie provinces who buy, clean and ship lentils to domestic and export customers has increased to about 50. The dealers range from large corporations to small family-owned businesses. In recent years, producers have invested in several new plants which handle pulse crops, including lentils. There are several processing plants in Saskatchewan capable of de-hulling and splitting red and green types of lentils for the world market.

Lentils are shipped to ports mainly bagged in containers, although bulk shipments have been increasing with the building of suitable handling facilities. From the ports to overseas customers, they are shipped mainly bagged in containers, although some are also shipped bulk in containers or bulk inside the hold of ships. Most of the Canadian lentils are exported through the ports of Vancouver and Montreal. In addition to whole lentils, Canada also exports split lentils. The export of split lentils has

WORLD: LENTIL EXPORTS AND IMPORTS

calendar year	1998	1999	2000	2001	2002
.....thousand tonnes.....					
EXPORTS					
Canada*	374	417	519	490	352
Australia	1	25	134	218	242
Turkey	154	105	100	159	119
United States	53	76	80	99	103
India	67	147	191	106	86
China	26	22	18	14	21
Nepal	31	37	2	15	19
Syria	56	40	16	12	11
Other	26	54	30	26	59
Total	788	923	1,090	1,139	1,012
IMPORTS					
Sri Lanka	77	74	80	91	107
Egypt	80	78	77	113	100
India	22	31	21	87	67
Pakistan	34	37	37	68	67
Colombia	42	50	67	50	65
Algeria	60	48	72	47	63
Bangladesh	14	35	37	47	63
Spain	52	50	50	47	47
France	29	34	36	32	31
Mexico	26	24	26	31	29
Peru	27	18	25	28	27
Italy	26	24	28	28	27
Turkey	79	65	141	99	23
Germany	24	25	37	26	21
Saudi Arabia	18	17	15	25	21
Sudan	12	13	22	14	20
United Kingdom	14	15	13	15	17
Ecuador	14	14	15	17	16
Chile	13	18	17	11	16
Venezuela	14	14	15	17	15
Morocco	10	20	41	29	14
Greece	10	10	12	12	13
United States	14	9	8	10	11
Other	123	137	148	154	145
Total	834	860	1,040	1,098	1,025

The difference between imports and exports is attributed to the timing of delivery.

Source: FAO, except * which is Statistics Canada, May 2004

Organizations

The Canadian Special Crops Association (CSCA) www.specialcrops.mb.ca establishes trade rules for domestic trade and serves as a forum for exporters, dealers and brokers involved in the industry of trading Canada's pulse and special crops, including lentils. The website includes a section where buyers can submit a request for prices.

Pulse Canada (www.pulsecanada.com) is an industry organization, with the CSCA and provincial pulse growers' organizations as members. It is involved in policy issues, coordinating research efforts, market development and market access. The website contains information on pulse crops, markets, and health and nutrition.

The Canadian Grain Commission (CGC) administers quality control standards for lentils. The grades are No. 1, 2, 3 and extra 3 Canada other than Red, and No. 1, 2, 3 and extra 3 Canada Red. Lentils which do not meet the listed grade standards are graded Sample Canada. The major quality concerns in lentil grading are damage due to heating and peeling, split or broken seed, seed discolouration, as well as foreign material. For further information, or to access the Official Grain Grading Guide, please visit the CGC website: (www.grainscanada.gc.ca).

UTILIZATION

On average, about 75% of the red type of lentils, 45% of the green type of lentils and 70% of all lentils are consumed in the countries where they are produced. Total world use has been trending upwards during the past 10 years.

Lentils are used almost exclusively for food. Generally they are canned or packaged, whole or split, for retail sale, or processed into flour. They are then used in soups, stews, salads, casseroles, snack food and vegetarian dishes. In southern Asia, split red lentils are used in curries. Lentil flour is added to cereal flour to make breads, cakes and

baby foods. Lentils are often used as a meat extender or substitute because of the high protein content and quality. Lentils have a shorter cooking time than other pulses and do not need to be pre-soaked.

Only a small volume of low quality lentils are used for livestock feed, however nutritional analysis indicates that they make an excellent feed.

Healthy Diet

Pulses, including lentils, are increasingly being used in health-conscious diets to promote general well-being and reduce the risk of illness. They are low in fat, high in

protein, and are an excellent source of both soluble and insoluble fibre, complex carbohydrates, vitamins (especially B vitamins) and minerals (especially potassium, phosphorus, calcium, magnesium, copper, iron and zinc). Lentils are an inexpensive, high quality source of protein.

Since lentils are high in fibre, low in fat and are cholesterol free, they are an excellent heart healthy food that may be beneficial to the prevention of coronary and cardiovascular disease.

Eating lentils may help lower blood cholesterol levels due to their high content of soluble fibre and vegetable protein.

Lentil consumption can be beneficial in the management of type-2 diabetes because lentils have a low glycemic index of 55 or less, indicating that their effect on blood glucose is less than that of many other carbohydrate containing foods. Lentils also have other health effects, such as reducing blood lipids, that may help some serious complications of diabetes.

Flour made from lentils is gluten free and is a very nutritious option for people with celiac disease.

Lentils fit well in vegetarian diets as they are a good source of iron and protein, and complement the amino acid profile of cereal grains and nuts.

Insoluble dietary fibre consumption can be beneficial to a healthy colon and has been associated with reducing the risk of colon cancer. In addition, diets high in fibre have demonstrated beneficial effects on weight loss because they deliver more bulk and less energy.

Lentils are an excellent source of the B vitamin folate which is an essential nutrient. In addition, folate consumption during pregnancy has been shown to reduce the risk of neural tube defects.

CANADA: LENTIL SUPPLY AND DISPOSITION						
<i>August-July crop year</i>	2000 -2001	-2001 -2002	2002 -2003	2003 -2004f	2004 -2005f	
Seeded Area (kha)	699	708	601	554	696	
Harvested Area (kha)	688	664	387	536	680	
Yield (t/ha)	1.33	0.85	0.91	0.97	1.00	
thousand tonnes.....					
Carry-in stocks	80	256	131	55	15	
<i>Production:</i>						
<i>Large Green</i>	440	235	185	270	350	
<i>Medium Green</i>	120	55	40	70	85	
<i>Small Green</i>	180	110	38	60	80	
<i>Red</i>	155	155	85	110	150	
<i>Other*</i>	19	11	6	10	15	
Total Production	914	566	354	520	680	
Imports	5	6	9	5	5	
Total Supply	999	828	494	580	700	
<i>Exports</i>						
<i>South America</i>	110	97	109	100	110	
<i>Europe</i>	111	145	68	100	110	
<i>Asia</i>	39	38	56	70	80	
<i>Africa</i>	62	87	43	60	70	
<i>Middle East</i>	118	66	16	60	65	
<i>Central America & Antilles</i>	31	39	23	30	35	
<i>United States</i>	4	6	5	10	10	
Total Exports	475	478	320	430	480	
Total Domestic Use	268	219	119	135	150	
Total Use	743	697	439	565	630	
Carry-out Stocks	256	131	55	15	70	
Stocks-to-use ratio (%)	34	19	13	3	11	
Harvested Area (kac)	1,700	1,641	956	1,324	1,680	
Yield (lb/ac)	1,185	761	816	866	892	
Average producer price						
Large Green** \$/t	331	386	650	452	397	
\$/lb	0.150	0.175	0.295	0.205	0.180	
Medium Green \$/t	309	331	573	419	364	
\$/lb	0.140	0.150	0.260	0.190	0.165	
Small Green** \$/t	320	276	430	375	342	
\$/lb	0.145	0.125	0.195	0.170	0.155	
Red** \$/t	342	309	364	375	353	
* dark green speckled and brown						
** Saskatchewan, No.1 Canada grade						
f: Agriculture and Agri-Food Canada forecast, May 2004						
Source: Statistics Canada and AAFC						

Lentils contain non-nutritional components called phytochemicals which have demonstrated favourable effects in the prevention and treatment of numerous chronic conditions including cancer, diabetes, cardiovascular disease and hypertension.

OUTLOOK: 2004-2005

World

World production and supply are forecast to increase by 11% and 9%, respectively, from 2003-2004, to 3.30 and 3.35 Mt. Canada's share of world production is expected to increase to 21% from 17% in 2003-2004. Total world use and carry-out stocks are

forecast to increase.

Canada

Canadian seeded area is forecast to increase by 26%. Since 98% of the lentils are expected to be seeded in Saskatchewan and since most of Saskatchewan has below normal soil moisture reserves, it will be difficult to achieve trend yields even if there is normal precipitation during the growing period. Therefore, assuming normal precipitation for the growing period, average yields are forecast to be lower than trend, but slightly higher than in 2003-2004. Based on these assumptions, production is expected to increase by 31% from 2003-2004 to 680,000 t. The main factor to watch is

precipitation during the growing period, as it will have a large impact on production. Production is expected to increase for all types.

Supply is forecast to increase by only 21% to 700,000 t, due to lower carry-in stocks. Exports are expected to increase as Canada's share of world supply increases. Carry-out stocks are forecast to increase to 70,000 t, with the stocks-to-use ratio increasing to 11%. Average producer prices are forecast to decrease for all types due to the higher supply. However, prices could be very volatile, especially for the green types, if there are any production problems.

For periodic updates on the situation and outlook for lentils, visit the Market Analysis Division Website for "Canada: Pulse and Special Crops Outlook".

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US FARM SECURITY AND RURAL INVESTMENT ACT OF 2002 (FSRIA)

For the first time, lentils, dry peas and small chick peas are included under the loan program. The loan rate provides a floor price to the producer for lentils because if the price is lower than the loan rate, the producer is eligible for a loan deficiency payment. This made it easier for producers to obtain operating loans. The loan rate for lentils was US\$11.94/cwt (100 pounds) for crop years 2002 and 2003, and will be US\$11.72/cwt for 2004 to 2007. The base quality levels for the 2002 crop year was No.1 grade, but was lowered starting with the 2003 crop year to No.3 grade, which makes it easier for lentils to qualify for loan deficiency payments (LDP).

Loans made under the program for 2002-2003 were US\$0.36M and US\$2.06M for the first 11 months of 2003-2004. LDPs were US\$2.38M for 2002-2003, but there were no LDPs for the first 11 months of 2003-2004 as the posted county prices were above the loan rate. For 2002-2003, the average LDP was US\$1.25/cwt and was paid for about 75% of US lentil production.

US lentil production in 2003-2004 occurred in the states of Washington (37%), Idaho (26%), Montana (11%) and North Dakota (26%). The medium green and brown types accounted for most of the production, but the US also produced large green, small green and red types. The largest buyer of US produced lentils is the United States Department of Agriculture (USDA), which uses them for food aid programs.

US seeded area increased by 6% from 2001 to 2002, when the loan program was introduced for lentils. The seeded area increased by 10% from 2002 to 2003 and is forecast to increase by 12% from 2003 to 2004. The US Congressional Budget Office forecast a doubling of seeded area from 2001 to 2007. Although the rate of increase in seeded area for 2002 and 2003 was lower than the Budget Office forecast, including lentils under the loan program has supported increased seeding.

Lentils are not eligible for **direct payments** and **counter-cyclical** support. However, these are based on historical seeded area and yields and are theoretically decoupled from seeded area during the year of the payout.

Increased lentil production in the US is expected to pressure world prices. For example, if US production doubled, that is a 4% increase in world production and a 13% increase in lentils available for exports. Higher production in the US means that more of the US lentils will have to be sold commercially rather than to the USDA. Although higher US production is expected to pressure world prices, producers in the US will be protected from lower prices by the loan rate. Most of the increase in US production is expected to be in Montana and North Dakota, as there is more competition for land from other crops in Washington and Idaho. Production of lentils is not expected to spread to other states as they are either too hot or too wet for lentil production.

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FABABEANS: SITUATION AND OUTLOOK

Fababeans (*Vicia faba*) are a significant crop in Europe, northern Africa, the Middle East, China and Australia. Other names for this crop are broad beans, fava beans, horse beans, tick beans and Windsor beans. Canada is a small producer of fababeans, but the crop is an important source of income for some producers. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for fababeans.

WORLD

Production

World production has been variable during the past 10 years, ranging from a low of 3.58 million tonnes (Mt) in 1997-1998 to a high of 4.85 Mt in 2002-2003, but trending upwards. China has been the main producer, accounting for 40-45% of world production. Among the major producers, production trended upwards during the past 10 years in Australia, United Kingdom, France and Ethiopia, but has been relatively stable in China, Egypt and Sudan.

Utilization

Fababeans are a good source of carbohydrates, protein and fibre, and are low in fat. The protein content ranges from 24 to 31%. They are used for human food

and livestock feed. As food, they are used in regional cuisine, especially in countries along the Mediterranean Sea, in soups and casseroles, and as a cooked vegetable.

The health benefits of eating pulses described under lentils also apply to fababeans

CANADA

Production

Fababeans are better at fixing their own nitrogen than any other pulse crop produced in Canada. Therefore, the use of nitrogen fertilizer is not recommended, provided that the seed is inoculated with the appropriate strain of rhizobia. However, they are a cool weather crop and the least drought tolerant of the pulse crops produced in Canada.

Therefore, the most suitable area for

production in the Prairie Provinces is the black soil zone. Fababeans are best suited to clay or clay loam soils, provided surface drainage is effective. They should be seeded early, as a long growing season is required to optimize yield. Depending on variety, days to maturity range from 94 to 102. Yield will usually be reduced if seeded after the third week in May. Swathing is recommended as they require a 2-3 week drydown period before harvesting.

Trade

On average, about 85% of fababeans are consumed in the countries where they are produced. During the past 10 years, world trade has been variable, ranging from 0.25 to 0.58 Mt. The variability was related to the production levels in the importing countries and there was no significant upward or downward trend. The top four exporting countries, Australia, France, United Kingdom, and China, normally accounted for over 90% of world exports. Imports were dominated by three countries, Egypt, Italy, and Spain, which normally accounted for more than 80% of world imports. Egypt's imports were the most variable and depended on the level of domestic production.

Marketing

All of the fababeans produced in Canada are sold on the open market to dealers. There are only a few dealers across the Prairie Provinces who buy, clean and ship fababeans to domestic and export customers. Some feedmills also buy fababeans and some are used for livestock feed on the farms where they are produced.

The Canadian Grain Commission (CGC) establishes quality standards for fababeans. The grades are No. 1, 2 and 3 Canada. Fababeans which do not meet the listed grade standards are graded Sample Canada. For further information, or to access the Official Grain Grading Guide, please visit the CGC website: www.grainscanada.gc.ca

WORLD: FABABEAN SUPPLY AND DISPOSITION

	2000 -2001	2001 -2002	2002 -2003	2003 -2004p	2004 -2005f
Harvested Area (kha)	2,490	2,750	2,655	2,615	2,700
Average Yields (t/ha)	1.65	1.72	1.82	1.78	1.78
.....thousand tonnes.....					
China	1,788	1,950	2,100	1,800	1,900
United Kingdom	484	606	631	667	690
Ethiopia	389	454	447	447	430
Egypt	354	439	440	440	430
France	109	167	381	291	320
Australia	303	405	134	305	324
Sudan	131	89	90	90	90
Morocco	33	82	89	85	80
Italy	81	84	72	65	70
Germany	61	81	65	56	65
Spain	14	15	42	52	50
Peru	49	45	48	50	45
Canada	15	10	9	9	11
Others	289	297	297	298	295
Total Production	4,100	4,725	4,845	4,655	4,800
Carry-in Stocks	100	100	400	500	350
Total Supply	4,200	4,825	5,245	5,155	5,150
Total Use	4,100	4,425	4,745	4,795	4,850
Carry-out Stocks	100	400	500	350	300
Stocks-to-use Ratio	2%	9%	11%	7%	6%

p: preliminary

f: forecast, AAFC, Pulse Australia, May 2004

Source: FAO, UNIP, Pulse Australia and Statistics Canada, May 2004

Canadian production has been extremely

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May 14, 2004 Volume 17 Number 9

Domestic Use

Canadian domestic use, which includes food, feed, seed, dockage, and waste, accounts for about 60% of production and has been relatively stable during the past 10 years. Most of the domestic use is for livestock feed. Fababeans used for food are either canned or dry packed.

Exports

Canadian fababean exports have been variable during the past 10 years, ranging from 2,000 to 8,000 t per year. Most of the exports go to the Middle East, with Egypt, Saudi Arabia, Lebanon and Jordan being the largest importing countries. The United States (US) is the second major importer of Canadian fababeans. Exports to the US have been relatively stable during the past 10 years, while exports to the Middle East have been variable. Occasionally, some fababeans are exported to Europe and Latin America. Canada imports a small amount of fababeans, mainly from the US.

Prices

Since there is no futures market for fababeans, prices are negotiated directly between the dealers and producers, based on supply and demand factors. A portion of

the fababeans produced is normally contracted before seeding, but the price is generally not established until delivery.

OUTLOOK

2004-2005

World production is expected to increase by 3%, from 2003-2004, to 4.80 Mt, while supply remains stable at 5.15 Mt. Canadian seeded area is forecast to increase due to increased seeding in Alberta. Assuming normal yields, production and supply are expected to increase moderately. Canadian average producer prices are forecast to be similar to 2003-2004 for the No.2 Canada grade, but lower for feed.

CANADA: LONGER-TERM

Work is underway in Alberta and Saskatchewan to develop new varieties which are more suitable for both the food and feed markets. For the food market, the goal is to develop seed of appropriate size, shape and colour to meet market demands. For the feed market, work is centered on developing small seed, zero tannin varieties suitable for livestock feed, especially for feeding hogs and poultry. Tannins act as a

natural fungicide, but also decrease protein digestibility, palatability and feed

intake. A key part of the current variety development strategy is to reduce the maturity requirement so that fababeans will be more specifically adapted to the short season areas of the black soil zone.

Fababeans can also be used for silage because of the large amount of biomass produced. One benefit of growing fababeans relative to other pulse crops is the possibility of leaving standing stubble for improved moisture retention in the reduced tillage system.

Canadian production is expected to increase as the new varieties are developed, with most of the increase occurring in the black soil zones of Alberta and Saskatchewan. Most of the increase in production is expected to be used in the prairie provinces for livestock feed. However, commercial feed mills need sufficient supply to make it economical for them to switch to using fababeans in feed rations. At the same time, producers need a price which is sufficiently attractive to grow fababeans.

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CANADA: FABABEAN SUPPLY AND DISPOSITION

<i>August-July crop year</i>	2000 -2001	2001 -2002	2002 -2003	2003 -2004p	2004 -2005f	
Seeded/Harvested Area (kha)	6	5	5	5	6	
Yield (t/ha)	2.50	2.00	1.80	1.80	1.83	
.....thousand tonnes.....						
Carry-in Stocks	0	4	4	2	1	
Production	15	10	9	9	11	
Imports	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	
Total Supply	16	15	14	12	13	
<i>Exports</i>						
<i>Middle East</i>	3.5	1.5	2.5	2.5	2.5	
<i>United States</i>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	
Total Exports	5	3	4	4	4	
Total Domestic Use	<u>7</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>8</u>	
Total Use	12	11	12	11	12	
Carry-out Stocks	4	4	2	1	1	
Stocks-to-use ratio (%)	33	36	17	9	8	
Harvested Area (kac)	15	12	12	12	15	
Yield (lb/ac)	2,230	1,784	1,606	1,606	1,636	
Average Producer Price						
No.2 Canada grade*	\$/t	176	187	187	198	198
	\$/lb	0.080	0.085	0.085	0.090	0.090
Feed*	\$/t	88	99	110	121	110
	\$/lb	0.040	0.045	0.050	0.055	0.050

* Manitoba

p: preliminary

f: Agriculture and Agri-Food Canada forecast, May 2004

Source: Statistics Canada and AAFC

WORLD: FABABEAN EXPORTS AND IMPORTS

<i>calendar year</i>	1998	1999	2000	2001	2002
..... thousand tonnes.....					
EXPORTS					
Australia	110	170	197	239	289
France	7	40	36	46	135
United Kingdom	80	155	159	76	97
China	18	165	76	36	23
Canada*	2	8	4	4	3
Other	<u>30</u>	<u>36</u>	<u>49</u>	<u>43</u>	<u>36</u>
Total	247	574	521	444	583
IMPORTS					
Egypt	56	227	172	243	288
Italy	177	181	151	158	180
Spain	36	66	45	61	52
Morocco	2	12	16	5	14
Sudan	1	8	16	11	8
Saudi Arabia	7	26	9	9	7
Other	<u>54</u>	<u>60</u>	<u>77</u>	<u>72</u>	<u>73</u>
Total	333	580	486	559	622

The difference between imports and exports is attributed to the timing of delivery.

Source: FAO except * which is Statistics Canada, May 2004