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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. Lentils are the second largest pulse crop produced in Canada, after dry peas. Production has increased sharply since 1991-1992 and the value of Canadian exports has increased to nearly $300 million (M). For 2002-2003, Canadian total supply is expected to decrease significantly as a slight increase in production is offset by lower carry-in stocks. Therefore, exports and carry-out stocks are forecast to decrease. Over the medium-term, United States (US) government subsidies provided to lentil producers under the Farm Security and Rural Investment Act (FSRIA) of 2002 are expected to increase lentil production in the US and negatively impact lentil prices and income for Canadian lentil producers. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for lentils.

BACKGROUND

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, light green, deep purple, mottled, grey, brown or black. The cotyledon is yellow, red or green. The two main market classes are red and green. Green lentils are usually marketed whole, while red lentils are mostly marketed in split form.

Lentil production in Canada started in 1970. Since then Canadian 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.

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 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.

WORLD: LENTIL SUPPLY AND DISPOSITION

	1998 -1999	1999 -2000	2000 -2001	2001 -2002	2002 -2003f
	.....thousand tonnes.....				
India	805	938	1,054	1,050	1,000
Canada*	480	724	914	585	590
Turkey**	540	380	350	480	480
Australia***	46	103	164	266	240
Nepal	114	132	137	143	130
United States****	88	108	137	131	130
Bangladesh	163	165	128	128	130
China	128	100	116	120	110
Iran	95	63	78	75	75
Syria	154	43	73	77	75
Other	190	195	212	202	200
Total Production	**2,803**	**2,951**	**3,363**	**3,257**	**3,160**
Carry-in Stocks (e)	250	250	300	500	500
Total Supply	**3,053**	**3,201**	**3,663**	**3,757**	**3,660**
Total Use (e)	2,803	2,901	3,163	3,257	3,360
Carry-out Stocks (e)	250	300	500	500	300
Harvested Area (tha)	3,207	3,213	3,357	3,332	3,300
Average Yields (t/ha)	0.87	0.92	1.00	0.98	0.96

e: estimate, AAFC, June 2002
f: forecast, AAFC, Pulse Australia and USDA Attache, June 2002
Source: FAO, except *Statistics Canada, **FAO/USDA Attache-June 2002, ***Pulse Australia, ****USDA

Canada

WORLD

Production

World lentil production has been trending upwards from 2.65 million tonnes (Mt) in 1991-1992 to 3.36 Mt in 2000-2001, but decreased slightly to 3.26 Mt in 2001-2002. Most of the growth occurred in Canada which produced 13% of world lentils in 1991-1992 and 27% in 2000-2001. However, the Canadian share of world production decreased to 18% in 2001-2002 as Canadian production fell sharply because of drought. During this period, Australia was the only other country to have large growth in lentil production, while production in Turkey decreased significantly. The top three producing countries (India, Canada, and Turkey) accounted for nearly 70% of world production. Although specific data is not available, an estimated 70% of world lentil production is the red type, with the remainder mostly green.

Consumption and Trade

Lentils are used almost exclusively for human consumption in soups, stews, salads, casseroles, and vegetarian dishes. They are high in fibre, a major source of complex carbohydrates, high in protein, rich in B vitamins and minerals and low in sodium and fat. 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, and are also used in gluten-free, diabetic, low salt, low calorie, low cholesterol, and high fibre diets. Lentils have a shorter cooking time than other pulses. In southern Asia, split red lentils are used in curries and boiled to make *dhal*.

On average, about 70% of lentils are consumed in the countries where they are produced. Total world use has been increasing by about 3% per year during the past 10 years.

During the 1990s, world trade has been trending upwards from 0.42 Mt in 1991 to 1.09 Mt in 2000, the latest year for which trade data is available. In 2000, the top four exporting countries (Canada, India, Australia, and Turkey) accounted for 87% of world exports. About 55% of the exports were red lentils and the remainder were mostly green. Although Canada accounted for 48% of world exports in 2000, its share was about 55% if re-exports are not considered. Imports were distributed much more widely than exports, with the top 15 importing countries accounting for 76% of imports. Turkey was the largest importing country, with most of the imports coming from Canada. However, most of the imports were for re-export, either whole or after splitting. Turkish dealers used the imported lentils to supply their customers in the Middle-East, northern Africa, southern Asia and Europe.

WORLD: LENTIL IMPORTS AND EXPORTS

calendar year	**1996**	**1997**	**1998**	**1999**	**2000**
	.....thousand tonnes.....				
IMPORTS					
Turkey	7	81	79	65	141
Egypt	78	77	78	78	77
Sri Lanka	56	83	77	74	74
Algeria	48	44	60	58	72
Colombia	30	55	42	50	67
Bangladesh	29	33	14	60	60
Spain	58	46	52	50	50
Morocco	9	5	10	19	41
Germany	22	22	24	24	37
Pakistan	34	15	34	37	37
France	34	26	29	34	36
Italy	24	24	26	24	28
Mexico	23	25	26	24	26
Peru	29	19	27	18	25
India	66	5	22	31	21
Other	220	250	233	236	245
Total	**767**	**810**	**833**	**882**	**1,037**
EXPORTS					
Canada*	289	317	374	417	519
India	24	131	67	147	191
Australia	1	1	1	25	134
Turkey	246	127	154	105	100
United States	55	53	53	76	80
China	11	18	26	22	18
Syria	161	134	56	40	16
Nepal	11	15	31	32	2
Other	21	20	23	31	29
Total	**819**	**816**	**785**	**895**	**1,089**

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

Source: FAO, except *Statistics Canada, June 2002

CANADA: LENTIL SUPPLY AND DISPOSITION

August - July crop year	**1998 -1999**	**1999 -2000**	**2000 -2001**	**2001 -2002e**	**2002 -2003f**
Harvested Area (thousand ha)	372	497	688	691	560
Yield (t/ha)	1.29	1.46	1.33	0.85	1.05
	.....thousand tonnes.....				
Carry-in Stocks	65	60	80	206	110
Production	480	724	914	585	590
Imports	7	10	5	5	5
Total Supply	**552**	**794**	**999**	**796**	**705**
Exports	372	503	550	525	510
Total Domestic Use	120	211	243	161	175
Total Use	**492**	**714**	**793**	**686**	**685**
Carry-out Stocks	**60**	**80**	**206**	**110**	**20**
Stocks-to-use ratio (%)	12	11	26	16	3
Average producer price (CAN$/t)*	381	380	295	305	320
				-325	-350
Harvested Area (thousand ac.)	919	1,228	1,700	1,707	1,384
Yield (lbs/ac.)	1,151	1,300	1,185	755	939
Production (Mlb)	1,058	1,596	2,015	1,290	1,300
Average producer price (CAN$/lb)	0.173	0.172	0.134	0.138	0.145
				-0.147	-0.158

* Average over all types and grades.
e: estimate, AAFC, June 2002 f: forecast, AAFC, June 2002
Source: Statistics Canada and AAFC

CANADA

Production

Canadian production reached a record of 914,000 tonnes (t) in 2000-2001, but fell to 585,000 t in 2001-2002 because of drought. Saskatchewan produced about 98% of Canadian lentils and the remainder were produced in Alberta and Manitoba. Canada is the main producer of green lentils in the world, accounting for about 60% of world production. However, production of red lentils has been increasing and Canada has become a significant producer. Canadian production of French green (dark green speckled) and Spanish brown (Pardina) lentils 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. Large green lentils include the Laird, Glamis, Sovereign, Grandora and Sedley varieties. Their seed size is 60-70 grams/1000 seeds. Medium green lentils include the Richlea and Vantage varieties, with seed size of 50-55 grams/1000 seeds. Small green lentils include the Eston and Milestone varieties, with seed size of about 35 grams/1000 seeds. Canadian red lentils have a brown or pale green seed coat with red cotyledons. Red lentil varieties include

Crimson, Redwing, Redcap, Robin and Blaze, with seed size of 30-40 grams/1000 seeds.

Marketing
All of the lentils produced in Canada are sold on the open market to dealers. The number of dealers across the Prairie Provinces who buy, clean and ship lentils to domestic and export customers has increased to about 50, with the increase in production. 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 lentils for the world market. Some lentils are grown under production contracts, which guarantee a price for part of the production, but most are sold on the spot 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 is expected to increase, as the Canadian splitting capacity expands through the construction of new plants.

The Canadian Special Crops Association (CSCA) (www.specialcrops.mb.ca) is an industry organization representing traders, exporters and processors of pulse and special crops, including lentils. 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 and market development.

The Canadian Grain Commission (CGC) establishes quality 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.

CANADA: LENTIL PRODUCTION BY TYPE

	1998 -1999	1999 -2000	2000 -2001	2001 -2002	2002 2003f
	.....thousand tonnes.....				
Large Green	295	360	440	240	270
Medium	55	90	120	60	65
Small Green	65	110	180	110	90
Red	50	145	155	165	155
Other*	15	19	19	10	10
Total	**480**	**724**	**914**	**585**	**590**

*French Green (Dark Green Speckled) and Spanish

f: forecast, AAFC, June 2002

Source: AAFC estimate based on Statistics Canada and industry sources.

Prices
Canadian prices are largely determined in the international markets because Canada exports about 75% of its production. However, since Canada produces most of the green lentils in the world, while it is a relatively small producer of red lentils, the level of production in Canada has much more influence on green lentil prices than on red lentil 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 the dealers and customers, based on supply and demand factors for each type of lentil, for immediate delivery or for delivery at some future date.

Domestic Use
Canadian domestic use, which includes food, feed, seed, dockage, and waste, accounts for about 25% of production. Lentils are generally used for food and either, canned, packaged dry for retail sale, or processed into soups, stews, flour, and snack food. Only a small volume of low quality lentils are used for livestock feed, however nutritional analysis indicates that they make an excellent feed.

CANADA: LENTIL EXPORTS

August-July crop year	1998 -1999	1999 -2000	2000 2001e [/1]	2001 -2002e	2002 2003f
	.....thousand tonnes.....				
Europe	100	114	115	140	140
South America	94	117	120	125	120
Africa	73	90	85	85	80
Middle East	44	132	140	80	75
Asia	24	21	50	50	50
Central America/Carribean	28	26	35	40	40
United States	9	3	5	5	5
Total	**372**	**503**	**550**	**525**	**510**

[/1] Current Statistic Canada data indicates exports of 475,000 t. This is considered to be too low, based on Statistic Canada's estimate of carry-out stocks and industry estimates of exports.

e: AAFC estimate, June 2002 f: AAFC forecast, June 2002

Source: Statistics Canada

Exports
Canada exports about 75% of its production, while most other major producers export a relatively small portion of their production. Canadian exports were 209,000 t in 1991-1992, but rose to 550,000 t in 2000-2001. Canadian lentil exports are mostly to western Europe, the Middle East, northern Africa, South America, Central America and southern Asia. 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), **Central America** (Mexico) and **Asia** (India, Pakistan).

Although large green lentils are exported all over the world, the main destinations are north-western and southern Europe, northern Africa, South America, and Central America. Medium green lentils are exported mainly to the US, north-western Europe, Spain and northern Africa. Small green lentils are exported mainly to Morocco, Greece, Italy, Egypt, and Mexico. Red lentils are exported mainly to southern Asia, the Middle East and northern Africa, mostly de-hulled and split. French green lentils are exported mainly to France and Spanish brown lentils mainly to Spain.

OUTLOOK

World: 2002-2003
World production and total supply are forecast to be slightly lower, compared to 2001-2002, at 3.16 and 3.66 Mt respectively. Canada's share of world production is expected to increase slightly to 19%. Total world use is forecast to increase and, therefore, carry-out stocks are expected to decrease.

Canada: 2002-2003
Canadian seeded area is expected to decrease by 21%. Since 98% of the lentils are expected to be seeded in Saskatchewan and since most of Saskatchewan has below normal soil moisture conditions, it will be difficult to achieve trend yields even if there

CANADA: SASKATCHEWAN LENTIL AVERAGE PRODUCER PRICES

August-July crop year	1998 -1999	1999 -2000	2000 -2001	2001 -2002f	2002 -2003f
			.....CAN$/t.....		
No. 1 Canada grade					
Large Green	385	440	335	375	390
Medium Green	335	385	310	320	335
Small Green	430	445	315	275	290
Red	460	390	340	310	320

f: forecast, AAFC, June 2002
Source: AAFC

is normal precipitation during the growing period. Therefore, assuming normal precipitation for the summer, average yields are forecast to be lower than trend, but higher than in 2001-2002. Based on these assumptions, production is expected to increase slightly to 590,000 t. The main factor to watch is precipitation during the growing period, as it will have a large impact on production because of the poor soil moisture reserves in most areas. Production is expected to increase for the large green and medium green types, but decrease for the small green and red types.

Total supply is forecast to decrease by 11% to 705,000 t, due to lower carry-in stocks. Exports are expected to decrease due to the lower supply. Carry-out stocks are forecast to decrease sharply to 20,000 t, with the stocks-to-use ratio decreasing to 3%. The average producer price, over all grades and types, is forecast to increase by about 5% to $320-350/t, because of lower Canadian and world supply. However, prices could be very volatile, especially for the green types, if there are any production problems.

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 will make it easier for producers to obtain operating loans. The loan rate for lentils is US$11.94/cwt (100 pounds) for crop years 2002 and 2003, and US$11.72/cwt for 2004 to 2007. The average producer price for No.1 grade lentils in Washington and Idaho was US$10.74/cwt for 2000-2001, US$12.54/cwt for 1999-2000, US$11.21/cwt for 1998-1999, US$11.78 for 1997-1998 and US$17.23/cwt for 1996-1997. Average producer price data for Montana and North Dakota is not available, but the current price in Montana and North Dakota for No.1 lentils is US$9.10-US$10.30/cwt, which is similar to the US$9.25-US$10.00/cwt paid in Washington and Idaho.

According to the Joint Explanatory Statement of the Committee of Conference, "the Managers expect the Secretary to calculate regional pulse loan rates and repayment rates based on the prices of feed peas, No. 3 lentils, and chickpeas that drop below a 20/64 screen". Therefore, if the loan deficiency payment (LDP) for lentils is based on the No. 3 price, which is about US$1.00-US$3.00/cwt lower than the No. 1 price, the producer will receive a higher LDP than if it was based on the No. 1 price or the average price. The lower grade discount occurs in years when the lentils grade mostly No. 1 and some lower grade lentils can be blended into the No. 1 lentils, while the higher discount occurs in years when a smaller portion of the lentils grade No.1 and there is less opportunity for blending.

US lentil production in 2001-2002 was in the states of Washington (44%), Idaho (27%), Montana (8%) and North Dakota (21%). The medium green and Spanish brown types accounted for most of the production, but the US also produced large green, small green and red lentils. The largest buyer of US produced lentils is the United States Department of Agriculture (USDA), which uses them for food aid programs. Including lentils under the farm program is expected to increase production of lentils in the US. Since seeding was already underway when the FSRIA was passed, the impact on 2002-2003 is expected to be minor. Increases in production are expected to be gradual over the medium-term, as more producers acquire the necessary skills to produce lentils. The area seeded to lentils for 2003-2004 is expected to increase significantly from 2002-2003, as producers respond to the support levels provided by the loan rate, since No. 3 grade prices are expected to be lower than the loan rate.

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 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 the 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.

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

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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, especially in Manitoba. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for fababeans.

BACKGROUND

Fababeans are best suited to clay or clay loam soils with good drainage, 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. 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. Swathing is recommended as they require a 2-3 week drydown period once swathed.

WORLD

Production

World production has been variable, ranging from a low of 3.1 million tonnes (Mt) in 1992-1993 to a high of 4.4 Mt in 2001-2002, but trending upwards slightly during the past 10 years. China has been the main producer, accounting for 35-45% of world production. In China, production increased in the1990s, but was fairly stable in the following years. Among the other major producers, production trended upwards in Australia, France and Sudan, but decreased in Italy and Morocco.

Consumption and Trade

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.

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 0.7 Mt. The variability was related to the production levels in the importing countries and there was no significant upward or downward trend. The top three exporting countries, Australia, United Kingdom, and China, normally accounted for about 85% of world exports. Imports were also dominated by three countries, Egypt, Italy, and Spain, which normally accounted for about 80% of world imports. Egypt's imports were the most variable and depended on the level of domestic production.

CANADA

Production

Canadian production has been extremely variable during the past 10 years, ranging from 5,000 to 18,000 tonnes (t). However, there has not been a noticeable upward or downward trend. Production was concentrated in Manitoba, which normally accounted for about 80% of Canadian production. The other producing provinces were Saskatchewan and Alberta. The Canadian fababean harvest generally occurs during September. Canada produces mainly medium size varieties with the seed weighing about 400-600 grams/1000 seeds, but there is also some production under contract of the larger size variety called Chinese broad beans which can weigh 700-900 grams/1000 seeds.

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 of the fababeans are used for livestock feed on the farms where they are produced.

WORLD: FABABEAN PRODUCTION

	1998 -1999	1999 -2000	2000 -2001	2001 -2002	2002 -2003f
	.....thousand tonnes.....				
China	1,827	1,780	1,788	1,700	1,700
Egypt	523	307	354	439	400
Ethiopia	339	389	453	453	450
United Kingdom*	375	396	454	551	499
Australia**	133	194	303	405	303
France*	49	61	109	167	194
Germany*	94	96	61	77	75
Sudan	85	105	146	146	140
Morocco	108	55	33	60	50
Italy*	72	95	61	60	64
Canada***	14	7	15	10	11
Other	346	366	346	367	366
Total	**3,965**	**3,851**	**4,123**	**4,435**	**4,252**
World					
Harvested Area (tha)	2,495	2,440	2,631	2,425	2,400
Average Yields (t/ha)	1.59	1.58	1.57	1.83	1.77

f: forecast, AAFC, COCERAL and Pulse Australia, June 2002
Source: FAO, except *UNIP, **Pulse Australia,
***Statistics Canada June 2002

WORLD: FABABEAN IMPORTS AND EXPORTS

calendar year	1996	1997	1998	1999	2000
	.....thousand tonnes.....				
IMPORTS					
Egypt	87	29	56	227	172
Italy	165	162	177	181	151
Spain	66	62	36	66	45
Saudi Arabia	11	19	7	26	26
Morocco	5	3	2	12	16
Other	63	72	52	57	72
Total	**397**	**347**	**330**	**569**	**482**
EXPORTS					
Australia	108	107	110	170	197
United Kingdom	100	115	80	155	159
China	93	69	18	165	76
France	11	4	7	40	36
Canada*	4	2	2	8	4
Other	52	38	31	40	42
Total	**368**	**335**	**248**	**578**	**514**

The difference between imports and exports is attributed to the timing of delivery.
Source: FAO, except *Statistics Canada, June 2002

CANADA: FABABEANS SUPPLY AND DISPOSITION

August - July crop year	1998 -1999	1999 -2000	2000 -2001	2001 -2002f	2002 -2003f
Harvested Area (thousand ha)	6	3	6	5	5
Yield (t/ha)	2.33	2.33	2.50	2.00	2.20
			.....thousand tonnes.....		
Carry-in stocks	0	4	0	4	2
Production	14	7	15	10	11
Imports	1	1	1	1	1
Total Supply	**15**	**12**	**16**	**15**	**14**
Exports	5	7	5	6	6
Total Domestic Use	6	5	7	7	7
Total Use	**11**	**12**	**12**	**13**	**13**
Carry-out Stocks	**4**	**0**	**4**	**2**	**1**
Stocks-to-use ratio (%)	36	0	33	15	8
Average Manitoba Producer Prices ($/t)					
No.2 Canada grade	205	180	175	185	185
Feed	135	90	90	100	95
Harvested Area (thousand ac.)	35	17	37	25	27
Yield (lbs/ac.)	2,082	2,082	2,230	1,784	1,963
Production (Mlb)	31	15	33	22	24
Average Manitoba Producer Prices ($/lb)					
No.2 Canada grade	0.093	0.082	0.079	0.084	0.084
Feed	0.061	0.041	0.041	0.045	0.043

f: forecast, AAFC, June 2002
Source: Statistics Canada and AAFC

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 .

Prices
The average price paid to producers in the food market for the 2 Canada grade ranged from $175 to $205 per tonne (/t) during the past four years. In the feed market, prices ranged from $90 to $135/t. 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 are normally contracted before seeding, but the price is generally not established until delivery.

Domestic Use
Canadian domestic use, which includes food, feed, seed, dockage, and waste, accounts for about half 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 being the largest importing country. Other significant export destinations in this region are Saudi Arabia, Lebanon and Jordan. The United States (US) is the second largest 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. Canada imports a small amount, mainly from the US.

OUTLOOK

2002-2003
World production is expected to decrease slightly, from 2001-2002 levels, to 4.25 Mt. Canadian seeded area is expected to be similar to 2001-2002, but production is expected to increase slightly, assuming a return to normal yields. Canadian average producer prices are forecast to be similar to 2001-2002 for the No.2 Canada grade and slightly lower for feed.

CANADA: FABABEAN EXPORTS

August-July crop year	1998 -1999	1999 -2000	2000 -2001e	2001 -2002f	2002 -2003f
			.....thousand tonnes.....		
Middle East	3.0	5.0	3.5	3.5	3.5
United States	1.5	1.5	1.5	1.5	1.5
Other	0.5	0.5	0	1.0	1.0
Total	**5.0**	**7.0**	**5.0**	**6.0**	**6.0**

e: estimate, AAFC, June 2002
f: forecast, AAFC, June 2002
Source: Statistics Canada

Canada: longer-term
Canadian production is expected to remain low unless varieties are developed to fill specialized market niches or fababean use for livestock feed increases. There is increased interest in growing zero tannin varieties, especially in Alberta, for feeding hogs. Tannins make fababeans bitter and, therefore, the inclusion rate of varieties high in tannins is low, typically no more than 15% in a hog ration. With the use of zero tannin varieties, the inclusion rate can be increased to as much as 35%. The presence of tannins in fababeans has undervalued the price of fababeans for livestock feed. Better prices for feed use would make the crop more attractive for producers and encourage higher production.

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