Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Medium term policy baseline

International and domestic markets

September 2001

Canada

MEDIUM TERM POLICY BASELINE

INTERNATIONAL AND DOMESTIC MARKETS

Research and Analysis Directorate
Strategic Policy Branch

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Table of contents

List of figures

List of tables

Acronyms

AAFC	Agriculture and Agri-Food Canada
ABARE	Australian Bureau of Agricultural and Resource Economics
CAP	Common Agricultural Policy
CEM	Commercial export milk
CPI	Consumer price index
CRP	Conservation Reserve Program
DMS	Domestic Market Support (program)
FAIR	Federal Agriculture Improvement and Reform Act
FAPRI	Food and Agricultural Policy Research Institute
GDP	Gross domestic product
GHGs	Greenhouse gases
GMOs	Genetically modified organisms
LDP	Loan deficiency payment
MERCOSUR	"Mercado Comun del Sur" meaning "Common Market of the South"
NAFTA	North American Free Trade Agreement
OIE	International Office of Epizootics
OECD	Organisation for Economic Co-operation and Development
PFC	Production flexibility contract (payment)

SMP	Skim milk powder
TQ	Tariff quota
URAA	Uruguay Round Agreement on Agriculture
USDA	United States Department of Agriculture
VAT	Value added tax
WGTA	Western Grain Transportation Act
WTO	World Trade Organisation

Preface

The purpose of this document is to describe the features of the Agriculture and Agri-Food Canada (AAFC) medium term policy baseline covering the period 2001–2007. The baseline is an attempt to outline a plausible future for the international and domestic agri-food sectors. It will serve as a benchmark for discussion, scenario analysis and consensus about the impact of current and prospective events on these agri-food sectors. The baseline makes specific assumptions and judgments and outlines their implications. Since it assumes that policies remain unchanged from existing legislation, the baseline is not a forecast of future events.

Although projections are presented in the tables as a single number, each number is in fact the mid-point of a prediction range or confidence interval. The further the prediction is in the future, the wider the confidence interval surrounding the particular number reported. The projection for wheat production for 2007, for example, has a much wider confidence interval associated with it than does the projection for 2001. Consequently, the numbers in the tables should be interpreted as indicators of the major trends and turning points projected to occur over the next seven years. They should not be interpreted as the specific values that the projections will actually take.

The baseline was established in light of information presented in several publications from other organizations. The international baseline is largely based on the Aglink model and the Organisation for Economic Co-operation and Development (OECD) Agricultural Outlook. World macroeconomic assumptions are based on projections included in this publication. Information was also drawn from other documents: the Food and Agricultural Policy Research Institute (FAPRI) US and World Agricultural Outlook 2001 and the United States Department of Agriculture (USDA) Agricultural Baseline Projections to 2010. Canadian macroeconomic projections to 2005 are taken from the Conference Board of Canada spring 2001 forecast. This baseline incorporates information available until June

2001 except preliminary information regarding crop yields in 2001/2002 in Canada published at the end of August. In particular the baseline was prepared prior to the September 11th terrorist attacks and the subsequent economic fall out. Repercussion of these events will be covered in next year's baseline.

Macroeconomic, red meat, poultry, farm input, consumer price and agricultural trade data are reported by calendar year. Crop data are reported by crop years, which vary by commodity. With the exception of corn and soybeans, the Canadian crop year is August to July. For corn and soybeans, it is September to August. Dairy data are reported by dairy year. The Canadian dairy year is August to July.

The text of this document includes an overview of the main assumptions and key results and is accompanied by many figures to facilitate the comprehension of the material. Detailed supporting tables are found in Appendix B. Further information pertaining to farm income projections and recent levels of agricultural trade can be found on AAFC's web site www.agr.ca/policy/epad .

Executive summary

Increasingly, the external environment influences the functioning of the Canadian agri-food sector. The Agriculture and Agri-Food Canada seven-year medium term policy baseline projection illustrates how both global and domestic forces are affecting this sector. The globalization of economies, policies of foreign, national and provincial governments, and changes in technology are redefining and repositioning primary agriculture, as well as the processing and retailing of food. This baseline is intended to provide a plausible view of the future and a benchmark for the purpose of policy discussion and development.

The baseline has eight major features:

- The macroeconomic environment is characterized by continued but moderate world economic growth. Growth is redistributed in favour of developing countries and Eastern Europe, while growth weakens in North America, and Japan continues to lag behind the average for the OECD countries. The strength of the US dollar, relative to the euro, over the baseline is an important element. The Conference Board of Canada has decided to abandon the scenario of a strong appreciation in the Canadian dollar in relation to the US currency in the medium term. The new scenario envisages that the Canadian currency will start to appreciate very slowly in 2003.

- Despite the achievements of the Uruguay Round Agreement on Agriculture (URAA), the policies of the countries of the Organisation for Economic Co-operation and Development (OECD) continue to affect markets significantly. A review of the EU Common Agricultural Policy in 2003, and the US farm legislation in 2002, combined with the current World Trade Organisation (WTO) negotiations on agriculture and services indicate the uncertainties for agricultural markets and the baseline. This baseline assumes that the key components of

these policies and agreements remain unchanged through 2007/2008.

- World markets for coarse grains and oilseeds have started to slowly recover from their cyclical trough position. This situation is partly explicable in terms of distortions caused by US farm programs and the absence of major climatic disturbances before this crop year. However, it does not apply to wheat, since global consumption will exceed production for the fourth consecutive year, bringing a further increase in global prices for wheat. This rise in wheat prices compared with other crops should result in a switch in area to wheat during the next crop year at the world level, thus allowing a slight recovery of coarse grain and oilseed prices. In the medium term, without a major shortfall in a main producing region or a significant policy reform in large markets such as China, the European Union, or the United States, projected improvements in crop prices are limited. However, in view of the strong growth in demand for vegetable oils and meat (derived demand for meal) in developing countries, a stronger recovery in oilseed prices is anticipated. In Canada, the drought of 2001/2002 will change the relative price of crops in the Prairies in favor of canola, durum wheat and barley. For that reason a decline in bread wheat area is expected in 2002/2003. In the medium term, diversification of Western Canada agricultural economy should continue as indicated by the share of bread wheat area falling from a third of total area at the beginning of the 1990s to less than a quarter by the end of the baseline.

- Over the past five years, international meat markets have been destabilized by a series of animal health or food safety crises, which so far have not affected Canadian and US hog and cattle producers too seriously. On the contrary, in many cases this situation has enabled Canada to capture new markets. In the longer term, all these crises have contributed to maintaining, or even increasing, the segmentation of world meat markets, which favours Canada and United States since they export to the most lucrative and fast-growing markets. Indeed this is partly why North America, which was a large net meat importing region 15 years ago, has become one of the largest meat exporting regions in the world. In Canada, the large increase in livestock production following elimination of the Western Grain Transportation Act subsidy is striking. Production of cattle and hogs (on a meat equivalent basis) in 2007 is projected to be 63 percent above the 1995 level. The increase in livestock production has placed a limit on growth of bulk grain exports and has exerted increased pressure on feed-grain supplies in Western Canada.

- Supply managed markets in Canada continue to be protected by high tariffs. However, it should be noted that the WTO decision

of July 5, 2001, to the effect that the Commercial Export Milk (CEM) contracts constitutes an export subsidy on these dairy products. If this decision was to stand, it could significantly affect dairy policy in Canada. However, Canada has appealed. In this baseline we have assumed that Canada wins the appeal. For chicken, the substantial rise in domestic consumption posted in recent years should continue and should stimulate higher production and exports throughout the baseline period, especially in the short term, when red meat prices are expected to be high. For eggs, the proportion of breaker eggs to total egg production should continue to increase until it reaches about one third of all eggs produced in Canada in 2007. This trend should raise table egg prices, since the levy to finance egg sales to processors at low prices should rise throughout the baseline period.

- For Canada, the adjustment to high value-added farm production is expected to continue. These products will be mainly responsible for expected strong growth in the value of agri-food exports. The baseline indicates that the value of exports should rise from $23.1 to $31.4 billion between 2000 and 2007. The trade balance should also improve from $5.7 billion to $8.9 billion over the same period. A historic milestone is anticipated in 2002, when the value of red meat industry exports (livestock and meats) will surpass the value of grains (including grain products).

- In view of the general macroeconomic situation and anticipated developments in farm production, changes in prices of products and services (inputs) used by the Canadian farm sector should be moderate. Overall, farm input prices will rise by an average of only about 0.5 percent per year over the baseline period. However, this masks the situation in 2001 when input price inflation is 3.2 percent, mainly due to high prices for feeder cattle and petroleum products.

- The baseline projections indicate that the aggregate consumer price index will grow at an annual average rate of 2.1 percent between 2001 and 2007; the rise in the food index will be 1.5 percent. In other words, food prices will likely continue to fall in real terms. Over the period coinciding with the free-trade agreement with United States, the gap between price rises for many foods at the retail level and their farm prices has not greatly increased; contrasting with the events of the 1980s. This new trend should continue in the medium term.

Introduction

This report on the medium term policy baseline contains three parts. International and domestic macroeconomic and market structure assumptions are explained in the first two parts. Sector specific assumptions and analysis are discussed in the third part in the following order: crops, red meats (beef and pork), poultry, dairy, value of agri-food trade, farm input prices and consumer price indexes. For most sectors, the international markets are described first and then the domestic markets.

There are two appendices. Appendix A provides a comparison of international price projections while Appendix B provides the tables for the medium term policy baseline.

The medium term policy baseline will hereafter be referred to as the baseline and the baseline period is 2001–2007.

Macroeconomic assumptions

International

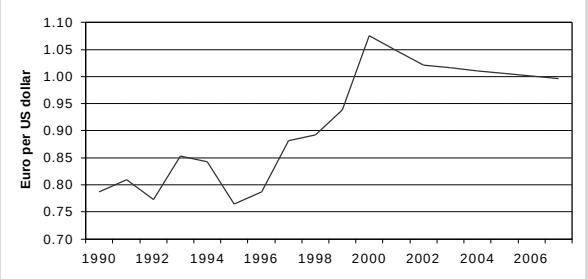
According to the Organisation for Economic Co-operation and Development (OECD)'s Agricultural Outlook, the world economy is projected to have a positive rate of growth during the baseline period (2001–2007). In North America, however, the pace of economic activity is likely to slow. In the emerging economies of Latin America, Eastern Europe and Asia (e.g. Brazil, Mexico, Poland, China and Korea), real gross domestic product (GDP) growth is projected to remain strong during the baseline period. Furthermore, despite the recent doubling of crude oil prices, inflation rates are likely to be weak in the developed economies as a result of greater labour productivity and the projected slowdown of economic activity.

The euro, the new European Union (EU) currency, is projected to rise gradually to par with the US dollar during the latter part of the baseline period (following devaluation to its weakest value of 1.08 per US dollar in 2000). The euro will remain weaker than during the 1996–1999 period, where it hovered between 0.79 and 0.89 per US dollar [Box 1; Table B.1]. As a result, EU commodities will be more competitive in the medium term.

Box 1: Relatively Weak European Currency

In the past few years, the European Union (EU) has been responsible for more than 80 percent of subsidized exports on world markets. Changes to the Common Agricultural Policy (CAP) in 1992–1993 lowered intervention prices for many goods. The Berlin Agreement lowered these prices yet further, increasing the probability that the EU can export many of its products without subsidy. But a very important factor has been the devaluation of the euro relative to the US dollar.

Since the mid-1990s, the euro has devalued about 40 percent, much of this after the monetary union of January 1999. This devaluation may significantly alter the outlook for EU unsubsidized exports and the participation of the EU in world cereal, pork and dairy product markets.

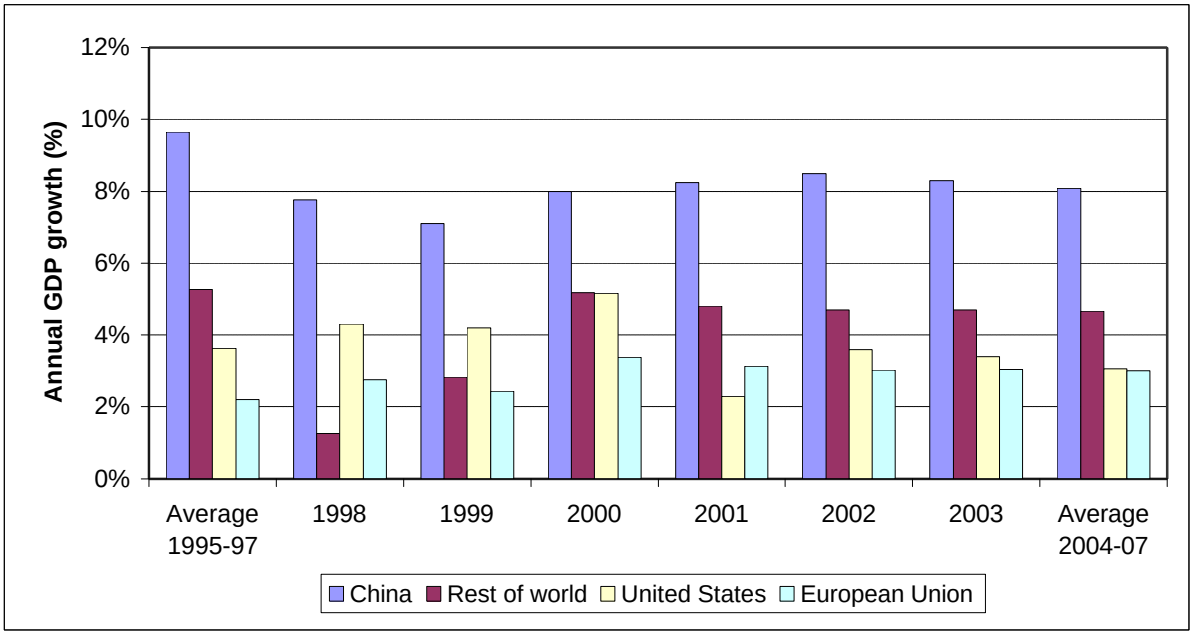


According to Conference Board of Canada forecasts, US economic growth will now be more moderate after exceptional expansion in recent years. For the period 2001–2007, US real GDP is projected to grow at annual rates ranging from 2.3 percent to 3.6 percent, compared with the 4.1 percent average rate of growth posted during the 1996–1999 period.

On average, real GDP growth in the EU in 2000 was relatively high at 3.4 percent. The OECD Agricultural Outlook suggests that growth should continue at around 3.0 percent over the next few years. The medium term prospects for Japan call for positive growth of the economy from 2001–2007. However, with anticipated annual real GDP growth of only about 2.0 percent on average for the medium term, Japan's performance will remain below the pace of economic activity in the other major industrialized countries [Figure 1].

The economic recovery in Latin America, Eastern Europe and Asia appears to be on a solid footing as the emerging economies in these regions are projected to expand at annual rates of real GDP growth in the range of 4.5–8.0 percent over the medium term. For example, real GDP growth in China is projected to be better than 8 percent annually over the 2001–2007 period. Economic growth in Poland, on average, should be on the order of 5.4 percent per year. Korea, Mexico and the countries outside the OECD area (excluding China, Argentina and Russia) [Table B.1: Economic assumptions] will experience average annual rates of growth of 5.7, 4.7, and 4.7 percent, respectively. These anticipated strong rates of economic growth are likely to result in higher levels of food commodity imports over the medium term, given the higher propensity to spend extra income on food.

Figure 1: GDP growth



The real capacity of these emerging economies to raise their level of food commodity imports will also be affected by changes in their purchasing power expressed in US dollars. Calculations show that the recovery to the level of purchasing power preceding the recent economic crisis would vary significantly among the different countries. Since 1999, Mexico has achieved a purchasing power level comparable to 1994 before the economic crisis. In contrast, Indonesia experienced a severe economic downturn in 1998 and is not projected to reach its previous level of purchasing power by 2007.

Domestic

The Canadian economy is performing well with real GDP growth of 4.5 percent and 4.7 percent in 1999 and 2000, respectively. This performance is mainly due to the strong expansion in economic activity that has prevailed in the United States. Based on the Conference Board of Canada projections, US economic growth will decelerate, which will cause slower real GDP growth in Canada, especially in 2001 [Table B.12: Canadian macroeconomy on page B-14]. The Conference Board has finally abandoned the assumption that the Canadian dollar will appreciate substantially in the medium term. Thus, according to the Conference Board projections, the average value of the Canadian dollar will likely stay below its 2000 level in 2001. It is expected that the dollar will begin to appreciate in 2003, but at a slow rate. With a stronger dollar and more moderate economic growth, the rate of inflation in Canada, as measured by the consumer price index (CPI), is projected to remain at around 2.0 percent.

Market structure

Market structure assumptions

In this part, the factors that affect the structure of many agricultural markets without being sector specific are discussed. The discussion includes assumptions about six topics: genetically modified organisms (GMOs), organic food, greenhouse gases (GHGs), concentration in the agri-food sector, foreign agricultural policies and the next round of multilateral trade negotiations.

Many of these are new issues for which information is not readily available. Simplifying assumptions were made to produce the baseline.

Genetically modified organisms

In recent years, the development and marketing of new plant varieties containing GMOs has expanded rapidly. Around the globe, there were 44.2 million hectares of transgenic crops in 2000[1], representing an increase of 4.3 million hectares (11 percent) over the 1999 level. It is important to note that growth in 2000 was only one quarter of the growth recorded in 1999. In 2000, 99 percent of transgenic plant crop areas were in the United States, Canada, Argentina and China. The United States is the unchallenged leader in this domain with 30.3 million hectares, followed by Argentina with 10.0 million hectares, and Canada with 3.0 million. Canada was the only country to report a reduced area in 2000. However, this should not necessarily be seen as indicating rejection of transgenic plants, but rather a shift from canola to more profitable crops like wheat and barley. Soybeans are the most commonly grown transgenic crop around the globe with 25.8 million hectares, followed by corn with 10.3 million hectares, cotton with 5.3 million hectares and canola with 2.8 million hectares. Transgenic corn crop areas fell by about 0.8 million hectares in 2000, thus reducing the level of adoption to only 7.0 percent for all countries. The transgenic soybean's level of adoption reached 36.0 percent, putting it well ahead of all other crops.

Market penetration of these new plants has been problematical. For example, Canada has lost the lucrative European Union canola market. The recent Starlink corn incident in the United States could impact negatively on the adoption rate next year. These problems could also affect the adoption rate

[1] According to “Global Status of Commercialized Transgenic Crops: 2000”, International Service for the Acquisition of Agri-biotech Applications.

for new transgenic plants such as wheat, which unlike corn, and soybean and canola meals, is mainly intended for human consumption. Greater consumer reluctance could therefore be expected. According to a Canadian Wheat Board opinion poll, many customers do not want transgenic wheat.

The rapid adoption of transgenic plants has raised many new issues pertaining to productivity, yield, international trade and consumer demand. Since information on all these issues is limited and often contradictory, four simplifying assumptions had to be made to produce the baseline. First, GMOs will not modify productivity and yield. If this assumption proves false, i.e. if GMOs increase productivity either through lower costs of production or higher yields (or both), then world prices would be lower than those presented in the baseline. It was assumed, second, that consumers will not resist GMOs and consequently, segregation is not required. If this is not the case, handling costs of cereals and oilseeds will likely have to increase, and by a significant amount, if more than one type of GMO is produced (e.g. canola in Canada). The third assumption is that GMOs will not be the subject of trade disputes that could distort normal trading patterns, leading to higher transaction costs. Finally, it was assumed that no country will adopt transgenic wheat during the baseline period.

Organic food

In many countries and for many products, organic food is moving from niche markets into more mainstream markets. This change takes place when major retail stores decide to offer consumers organic products. The phenomenon was seen much more in Canada during 2001 with the arrival of the US Whole Foods Markets group in the Toronto area. Loblaws competed with a new line of organic products. Elsewhere in the world, organic products continued to capture increasingly large market shares. In the United States, the federal certification standards were finally issued. These standards will promote better segmentation of the market between organic food and other products. In the EU, “food crises” again spurred higher demand for organic foods.

If the method and the cost of production were the same for organic food and conventional food, we would not need to distinguish them in this baseline. However, their physical aspects are not the only differences between organic and conventional food. The designation can encompass elements of animal welfare, environmental protection, fair trade with developing countries, species and wildlife protection, etc. In most cases, these practices lead to higher costs of production (in accounting terms), changes to crop practices, lower feed conversion ratios in livestock, lower cereal yields (or higher shares of summerfallow), or internal price stabilization schemes.

As long as organic food remains a niche market, it will not be necessary to take them into account in the analysis. However, indications suggest that organic foods may become more mainstream products in a decade. The information required to modify the market structure of the current models used to generate this baseline is not readily available. Therefore, we exclude organic foods from consideration, which implicitly assumes that sales of these products will remain a niche market. In view of the events that have disrupted agri-food markets over the last year, this assumption will require close scrutiny over time.

Greenhouse gases

Another emerging issue in agriculture is the potential consequence of the 1997 Kyoto Protocol. This agreement requires signatory countries to reduce emissions of greenhouse gases (GHGs) and to consider options such as emission rights trading by 2008–2012. Although this time frame is beyond the baseline period, some countries may start implementing gradual measures before it ends.

Agricultural production releases GHGs into the atmosphere and contributes to global warming. These emissions include methane and nitrous oxide from livestock, from biomass used to produce energy and from paddy rice. Depending on how national policies develop to address the reduction commitments, agriculture could be affected directly.

Agriculture could also be affected indirectly if the international community accepts soil as a carbon sink. The Bonn Agreement in the summer of 2001 could be the first major step in that direction. The final legal issues are currently being resolved. If our interpretation of the results is correct, Canadian agriculture could be greatly affected, since soil as a carbon sink could become marketable. Owners of arable land would therefore have an alternative to food production. Since the legal text has not yet been drafted, soil as a carbon sink has simply been ignored in preparing this baseline.

Concentration in the agri-food sector

Many parts of the agri-food sector are experiencing an accelerated rate in industry concentration, throughout the food chain. This global phenomenon is raising concerns over market power. It has reached such a level in the secondary and tertiary sectors of certain industries in certain countries that some players wonder whether the market power that may be the outcome may be partially responsible for the farm income crisis.

Ratios between retail and wholesale prices, and between wholesale and farm prices are affected by many factors, including the efficiency of the distribution, marketing and processing systems. Market structure also plays a decisive role. For example, NAFTA has contributed significantly to the establishment of a North American market for agri-food products. Because of the resulting tariff cuts, some Canadian agri-food businesses have been forced to accept lower prices (in US dollars). Unprocessed product sectors such as cattle and wheat were already operating in highly competitive international markets before NAFTA was signed. The NAFTA accord has also helped to create a highly efficient North American product distribution and shipping system, thus allowing costs between the farm and the consumer’s table to be reduced.

Evolution of the price ratios of some food chains is presented in the table below. In light of these numbers, we must conclude that the situation prevailing during the 1980s, which greatly penalized farmers, was not perpetuated in the 1990s. The simple mean, for all chains indicates a rise of 65.5 percent in retail-to-farm price ratios during the 1980s, compared with only 1.6 percent during the 1990s.

For the baseline, it was assumed that all factors affecting evolution of retail, wholesale and farm price ratios will not change significantly from the conditions prevailing in the 1990s.

Evolution of price ratios (%)									
	Retail/processing			Processing/farm			Retail/farm		
Chains	90/81	00/90	07/00	90/81	00/90	07/00	90/81	00/90	07/00
Bakery/wheat	0.7	0.6	1.9	110	-20	-7	110.7	-19.4	-5.1
Beer/barley	8.1	-5.5	-4.0	209	35.5	19.0	217	30	15.0
Beef/cattle	14.8	7.3	8.0	-0.7	-3	2.8	14.1	4.3	10.8
Pork	20.7	0.6	6.0	22.8	8.5	3.2	43.5	9.1	9.2
Chicken	20.5	-9	-6.0	17	-3.3	3.6	37.5	-12.3	2.4
Turkey	11.2	-3	-6	16	4.8	-3.2	27.2	1.8	-9.2
Eggs	12.8	-6.8	-4.8	3	-4	1.4	15.8	-10.8	-3.4
Butter	3.6	8	-4	..	..	..	..	..	..
Simple mean	11.6	-1	-0.4	53.9	2.6	2.8	65.5	1.6	2.4

Foreign agricultural policies

It was assumed that existing or announced agricultural policies will continue over the entire baseline period. This assumption is critical considering that (i) existing agricultural policies in the United States and the EU will be reviewed in 2002 and 2003, respectively, (ii) the EU enlargement is generating considerable political debate on the other side of the Atlantic Ocean, and (iii) the US government has already agreed to increase the farm program budget envelope by $US79 billion over the next ten years.

Next round of multilateral trade negotiations

In this baseline, commitments made in the Uruguay Round Agreement on Agriculture (URAA) are implemented over the period 1995–2000 for developed countries and until 2004 for developing countries. It was assumed in the baseline that the final level of these phased reforms in 2000 or 2004 (reductions in domestic support, reductions in export subsidies and increased market access) will be maintained unchanged through the year 2007. No attempt was made to anticipate the outcomes of the next round of negotiations which are uncertain at this time.

Sector specific assumptions and analysis

Crops

International

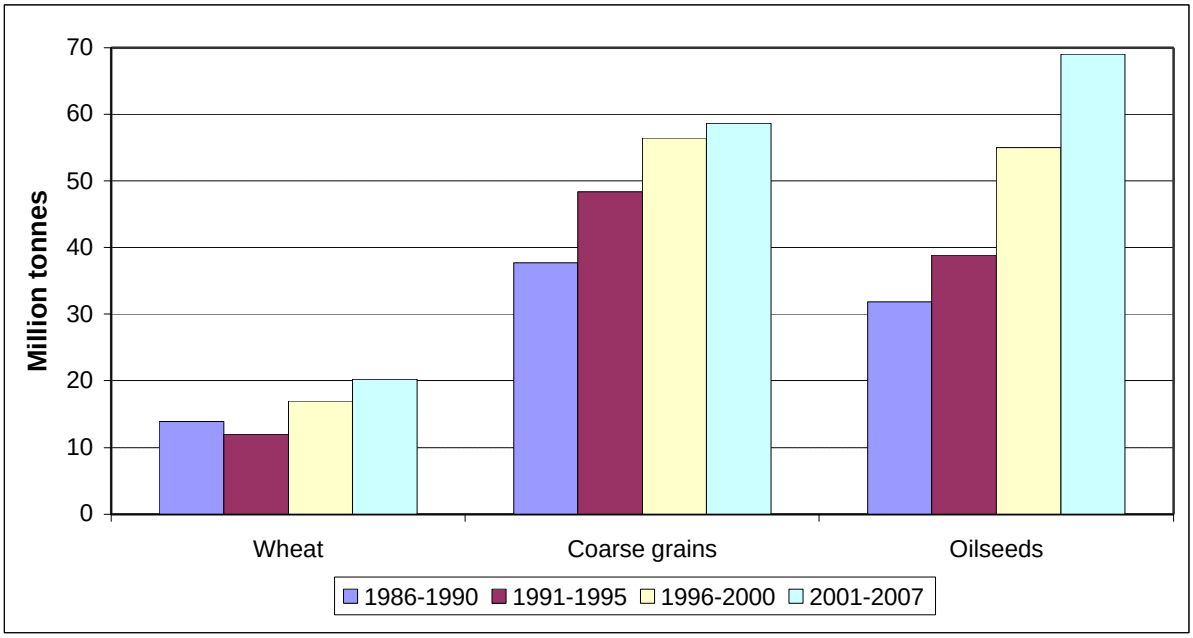
Important demand and supply side factors

Brazil and Argentina: Growth in oilseed supplies

Although grain and oilseed prices weakened considerably through the late 1990s, the agricultural economies of Argentina and Brazil became more efficient, allowing these countries to compete in the low price export market. Reforms that eliminated export taxes and reduced import taxes on inputs have increased the efficiency of these economies. With the establishment of the Common Market of the South (MERCOSUR) in 1995, many of the intra-regional tariffs were eliminated, which increased the free trade in products between member countries and attracted foreign investment, benefiting the agriculture sector. The move toward the privatization of export facilities and railroads helped to reduce the high transportation costs of agricultural exports. Policy reforms and increased integration helped to bring domestic prices in line with world prices, which resulted in a redistribution of agriculture resources from less efficient to more competitive agricultural sectors.

Rapid expansion of coarse grain and oilseed output occurred prior to many of the domestic reforms that took place in the 1990s. With wheat, corn and soybean production already competitive, these crops will continue to benefit from the more liberalized environment. As indicated in Figure 2, average production of wheat, coarse grains and oilseeds during the latest historical period (1995–1999) was 11.0 percent, 44.0 percent and 67.0 percent respectively above the average levels for 1985–1989. Continued expansion of crop production in Argentina and Brazil is projected over the baseline period (2000–2007). Favourable wheat prices are expected to result in a 37.0 percent increase in wheat production compared with the latest historical period, while increases of 17.0 percent and 51.0 percent for coarse grain and oilseed production respectively are anticipated.

Figure 2: Argentine and Brazilian production

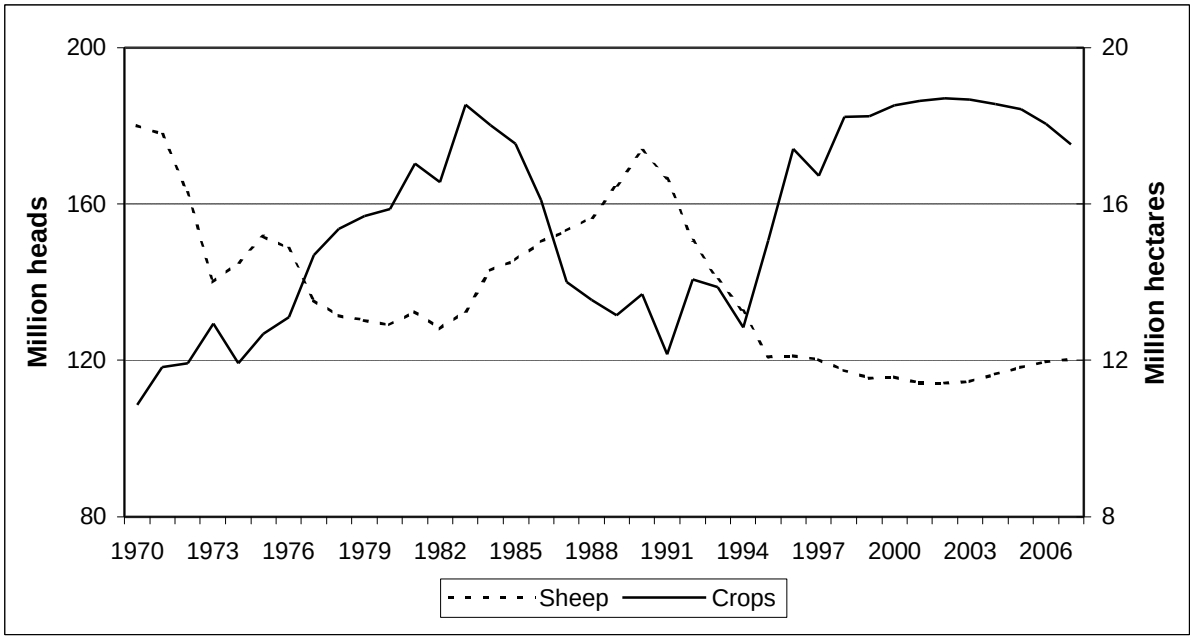


Some developments differentiate these two countries. Argentina continues to tax producers by taxing raw soybean exports and allowing rebates on meal and oil exports. Conversely, Brazil removed all taxes on soybean exports in 1996. The removal of this tax encouraged soybean production and exports at the expense of the processing sector and soybean meal exports. In addition, the recent devaluation of the Brazilian currency in January 1999 increased the competitiveness of producers and processors in export markets in the short term (although the cost of imported inputs increased). From a production standpoint, continued improvements in yield potential were seen in both countries. However, given that the low cost crop area in Argentina is nearing its limit of availability, the expansion of soybean production will be mainly in Brazil's favour, especially in the high plateau region if shipping costs are reduced.

Australia: Increased grain and oilseed specialization

In addition to Australia being a major exporter in the international wheat market, its production and exports of canola and malting barley expanded in the 1990s. Low returns to wool production resulted in a further shift to increased grain and oilseed production over the last ten years. Increased productivity and higher yields, coupled with a wider range of planting options, continued to favour crop production over wool production, resulting in a major land usage shift from pasture to grain production.

Figure 3: Australia ¾ sheep and crop production



Australia, the world's leading producer of wool, experienced a rapid decrease in the number of sheep in the first half of the 1990s. This decrease was largely precipitated by the inability to maintain the floor pricing scheme for Australian growers, which resulted in a rapid decline in wool prices. From the mid-1980s to the end of the decade, wool prices doubled, expanding sheep inventories and wool production. However, in the early 1990s, a drop in demand coupled with excess wool supplies halved prices, which ultimately reduced the size of the herd.

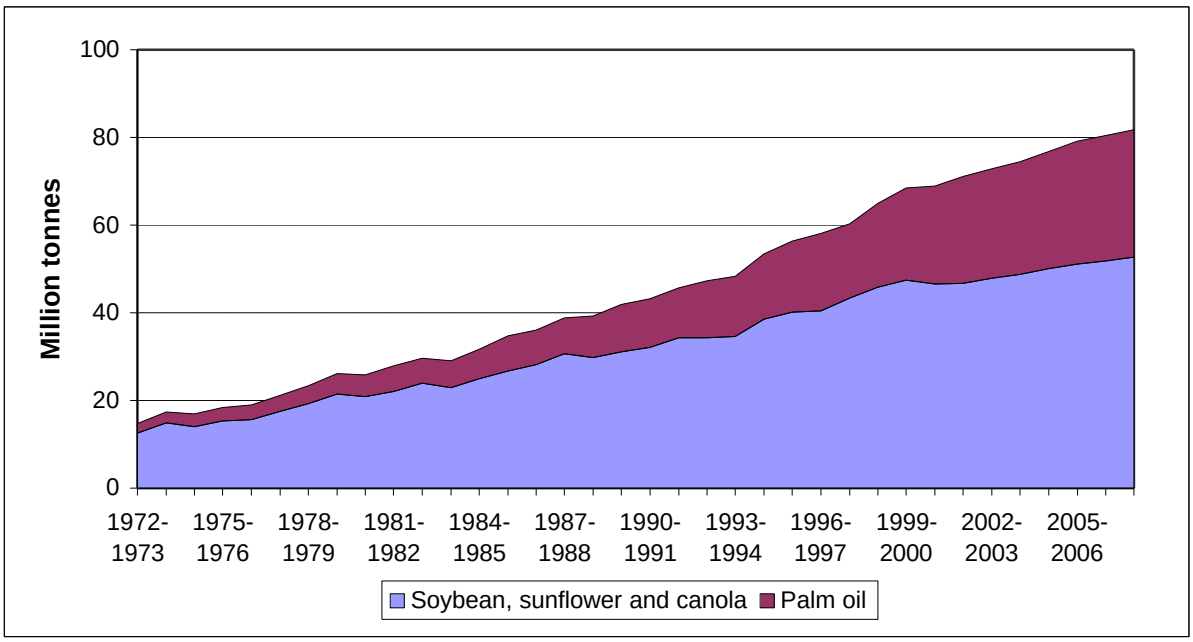
In the medium term, improved world economic growth will boost demand for high price clothing (including apparel made from wool), but a downward trend in wool demand and increased competition from other cheaper fibre sources will limit the prospects for wool production. Given the stagnant prospects for wool demand, it is projected that Australian land usage will continue to favour grain production over pasture, especially in the first part of the period.

Indonesia and Malaysia: Increased palm oil supplies

A dramatic rise in the demand for vegetable oil resulted in a strong rise in vegetable oil production. An analysis of the growth patterns for the four major vegetable oils[2] shows that production expanded dramatically from 15.0 million tonnes in the early 1970s to over 68.0 million tonnes by 1999/2000, an increase of more than 400.0 percent [Figure 4]. It is projected that this rapid increase in vegetable oil production will continue as world demand for the four major vegetable oils continues to grow (particularly in developing countries), reaching 82.0 million tonnes by 2007/2008.

[2] The four major vegetable oils are soybeans, canola (rapeseed), and sunflower (all derived from oilseeds), and palm oil, which is extracted from the fruit produced by palm trees.

Figure 4: World vegetable oil production



Over the next four years, it is projected that growth in vegetable oil production, derived from the three major oilseeds, will keep pace with growth in palm oil production as a result of lower growth in planting of young palm oil trees caused by the Asian financial crises over the 1997–1999 period. With this slackening of growth in palm oil production and sustained demand resulting from higher incomes, conditions will favour price recovery. Oil price increases will taper off toward the end of the baseline, as palm oil production returns to growth rates similar to those posted before the financial crises.

Increased palm oil production will continue to come from expansion in Indonesia. Malaysia, the major producer of palm oil (about 50 percent of world output) faces several constraints which limit the expansion of palm tree area. Being a small country, there is limited land available for further cultivation. In addition, pressures from other sectors on labour costs reduce the profitability of palm plantations that are highly labour intensive. On the other hand, Indonesia continues to expand palm oil production and now accounts for about 30 percent of world production versus 15 percent in 1980.

While there is scope for increased palm oil production in Indonesia—an immense area is available for expansion, and labour costs are relatively cheap—infrastructure developments will have to take place to maintain a strong production growth rate. A key threat to continued Indonesian expansion would be another financial shock similar to the 1998 Asian crisis because exports of palm oil were initially banned and than taxed in the short term. These measures have since been removed. Although the crisis had negative implications for the palm oil industry, the large exchange rate devaluation in real terms of the rupia (Indonesia) and the ringgit (Malaysia) has improved the position of an already competitive palm oil industry.

United States: Marketing loans and loan deficiency payments

The 1996 Federal Agriculture Improvement and Reform Act (FAIR) marked a decisive turning point in US farm policy by removing the link between income support payments and farm prices. It has become evident, however, that the marketing loan program and loan deficiency payments (LDPs) have played an increasingly important role in distorting US domestic production and exports. Through the

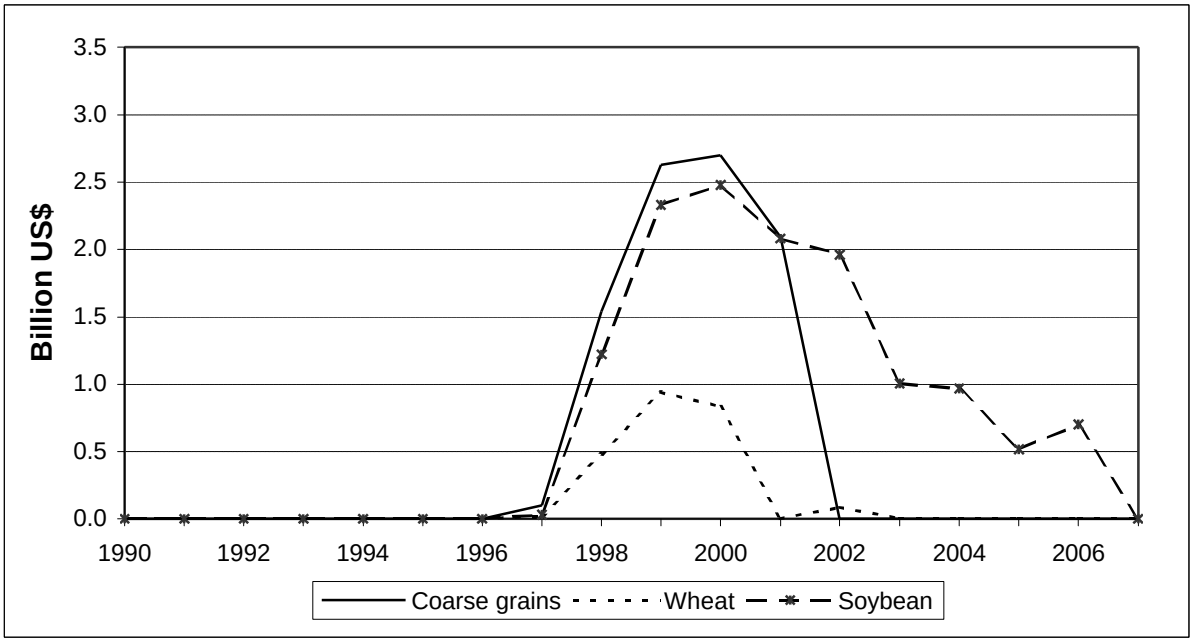
marketing loan program, producers of eligible major commodity crops can achieve an effective per-unit revenue floor determined by the commodity loan rate. Since a number of key US commodity prices have been below the loan rate in the last few years, producers are factoring loan rate levels into their production decisions. Although the producer is effectively assured a minimum price, the marketing loan program does not place a minimum on the market price because the commodity is not taken off the market and placed into government stocks.

Through the marketing loan program, a producer can attain benefits in two ways: through a non-recourse marketing loan or through an LDP. Under the first option, once the crop is harvested, the producer can obtain a per-unit loan rate for the crop and repay that loan plus interest sometime during the loan period (usually within nine months). If the grain is marketed at a later date and prices are below the loan rate (plus interest), the farmer has to repay only a lower rate that is based on current local market prices. Prior to the introduction of marketing loans, if market prices were below the loan rate plus interest, the producer forfeited the grain, which then went into government stocks. This action effectively removed grain from the market and resulted in the US loan rate becoming a floor price for world markets. This situation, however, no longer exists.

The second option, which has been popular during the last few years of low commodity prices, is the LDP. The LDP allows a producer to achieve the benefits of the marketing loan without taking a commodity loan. The LDP is essentially the difference between the loan rate on a particular day and the current local market price. The producer can choose to receive a deficiency payment equivalent to the spread between the loan rate and the current local price and forego the marketing loan. In the last three years, the majority of producers chose the LDP option. Comparing 2000/2001 estimates with 1999/2000, it is apparent that this trend is continuing as the LDP to marketing loan ratio for wheat, corn and soybeans increased from 85:15 to 90:10.

Figure 5 shows the rapid increase in the combined LDP and marketing loan gains paid by the US government to producers from 1997 through 2000 for wheat, coarse grains (especially corn) and oilseeds (mostly soybeans). Given the low international prices for coarse grains, it is projected that this trend will persist for most US coarse grains in the short term and for soybeans for a more extended period.

Figure 5: U.S. LDPs and marketing loan benefits



In establishing this baseline, it was assumed that loan rates would remain at their 2000/2001 levels for the duration of the baseline period. For the 2001/2002 crop year, the US Secretary of Agriculture announced that rates would be fixed at the 2000/2001 levels. Virtually, the complete elimination of wheat payments is projected in 2001/2002 based on strengthening wheat prices [Figure 5]. As coarse grain prices strengthen over the baseline period, payments drop significantly. In the case of soybeans, weakness in the oilseed complex, due to large South American supplies and increasing palm oil production, results in payments through to 2006/2007.

Two other significant assumptions were made. It was assumed that enrolment in the Conservation Reserve Program (CRP) to the statutory maximum of 14.7 million hectares will be completed by the crop year 2003/2004.[3] The other assumption pertains to production flexibility contract (PFC) payments and additional ad hoc payments distributed in the same way. It is assumed that these payments will influence producers' decisions through wealth and risk reduction effects. PFC payments are known until 2002/2003 but nothing is known regarding the additional payments. It was therefore necessary to make simplifying assumptions until the details of the new US farm legislation are known. In the case of PFC payments, it is assumed that they will continue at their present level until 2007/2008. Regarding the additional payments, the assumption is that none will be made after 2001/2002.

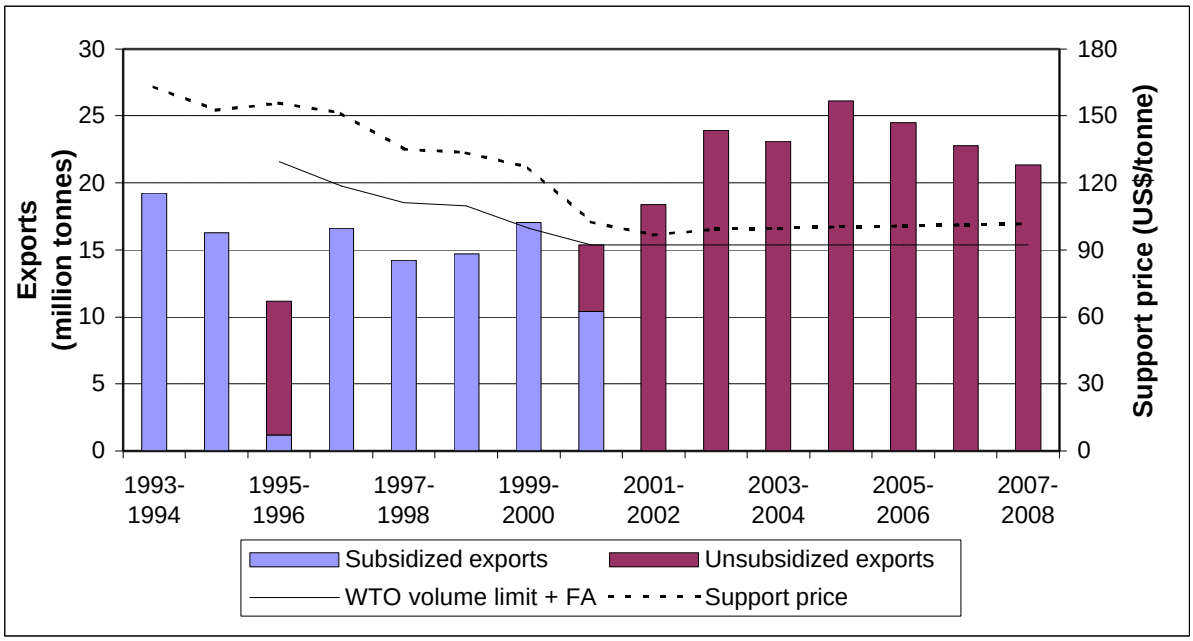
European Union: Berlin Agreement

The baseline projections take into account the EU's March 1999 Berlin Agreement and the three main policy instruments directly influencing grain and oilseed production: price supports, direct payments and supply controls. Based on 1999/2000 levels, under the Agreement the intervention price for cereals will decrease 18 euros/tonne to 101 euros/tonne in 2001/2002 while direct payments will increase 9 euros/tonne to 63 euros/tonne in 2001/2002. Direct payments for the mandatory set-aside crop area will decrease 6 euros/tonne and for oilseed crop area will decrease 31 euros/tonne, so that

[3] The CRP is a long-term voluntary set-aside program under which producers bid to enrol environmentally sensitive land for 10–15 years. They then receive an annual rent plus half the cost of establishing a permanent land cover.

direct payments on cereals, oilseeds and set-aside area will be equal by 2002. The agreement calls for a mandatory 10 percent set-aside area over the baseline period. In addition, there will be voluntary set-asides, estimated at about 4 percent of cultivated land. A relatively weak euro, combined with lower cereal support prices and strengthening world cereal prices, should allow the EU to export both wheat and malting barley without subsidy during the baseline period. According to the baseline, EU wheat exports should reach a maximum of 26.0 million tonnes—10.0 million tonnes above the actual WTO limits for subsidized exports and food aid. This scenario will result in domestic prices above support level within the EU and closer linkages with world prices for wheat and malting barley.

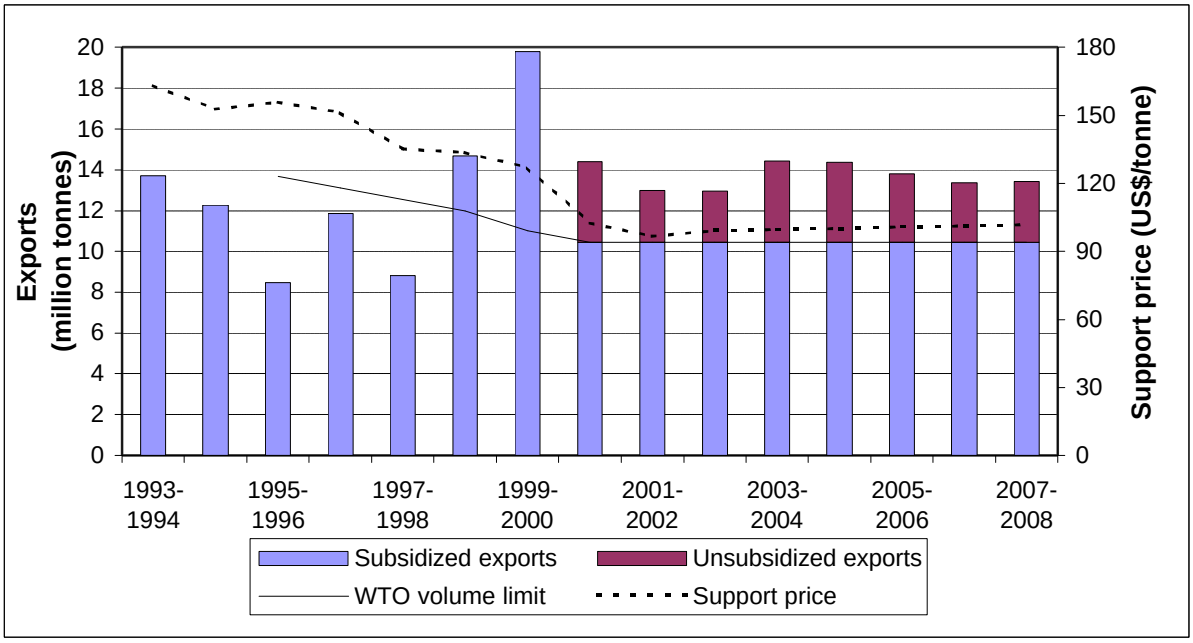
Figure 6: EU wheat exports



This development, combined with equalization of direct payments with oilseeds, will lead to a substantial increase in land allocated to wheat growing in the EU and a reduction in oilseed crops.

According to the analysis, the greatest impact of the mad cow crisis on crop markets comes from the prohibition of animal bone meal for livestock feeding. According to European Commission experts, if this prohibition is maintained it could lead to a rise in demand for oilseed meals of around 2 million tonnes annually. This assumption was used in the baseline. The volume is large enough to affect on global meal prices.

Figure 7: EU coarse grains exports

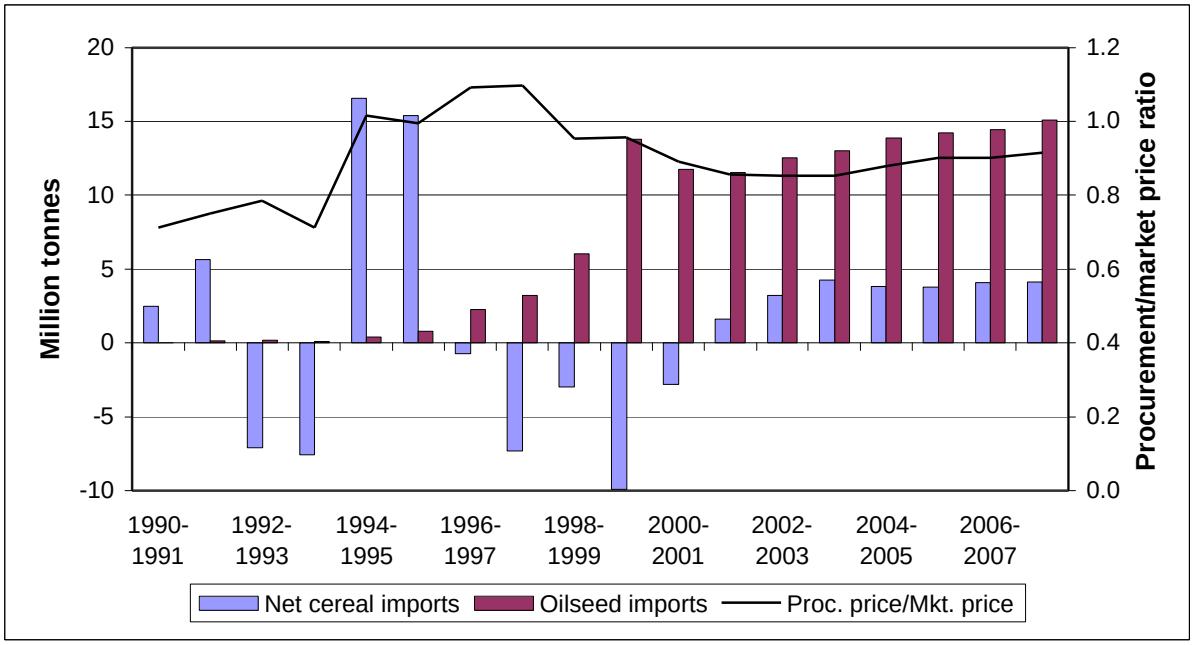


China: Self-sufficiency and the China/United States Bilateral Agreement

China is a major producer and consumer of grains and oilseeds. Prior to 1994, domestic agricultural policy reform encouraged the grain sector to move in a more market-oriented direction. This move would have made specialization in higher value crops, such as fruits and vegetables, more attractive to producers than continued expansion of lower value grain production. However, with the rapid rise of grain imports in the mid-1990s, escalating grain prices and international concerns regarding "Who will feed China?", domestic agricultural policy shifted in a direction which has returned China to self-sufficiency in grains (wheat, coarse grains and rice), thus greatly diminishing the need to import them.

Chinese policy identified as "the governor's grain bag responsibility system" was implemented at the end of 1994. The grain bag policy, in combination with favourable weather conditions, helped to achieve the self-sufficiency target by 1997. This policy placed responsibility for increased grain production on regional governors who met the goals both by encouraging grain production through higher mandatory quota-based grain procurement prices and by making inputs such as fertilizer more accessible to farmers through subsidies. Figure 8 illustrates the change in Chinese procurement prices, which moved, on average, from about 80 percent of internal market prices (a tax on grain producers) in the first half of the 1990s, to 102 percent in the second half of the decade.

Figure 8: Change in Chinese cereals policy



Both the success of the grain bag policy and favourable weather conditions substantially increased Chinese grain stocks which reached record levels (the latest substantial revisions to stock levels have not been taken into account). Chinese stocks have become burdensome and require significant investment in new storage facilities to prevent quality losses and the risk of wastage. Since procurement prices for grains did not specify quality, farmers chose to focus on yield improvement rather than higher quality levels. This focus resulted in a high volume of low quality grain ending up in government stocks. To alleviate this problem, the Chinese government decided to procure different qualities of grain at different prices, which may result in a modest reduction in grain production. Furthermore, it is projected that the procurement price will be maintained, on average, at about 88 percent of market prices during the baseline period which will reduce grain production incentives. In the medium term, it is projected that the government will continue to maintain a high level of self-sufficiency, and grain procurement prices are projected to approach market price levels [Figure 8].

Based on the current grain self-sufficiency policy in China and the high level of state-held stocks, the prospects for a large increase in grain imports are limited. Future grain imports will rise modestly as a result of rising population, continued income growth; and increasing specialization in the production of commodities for which a comparative advantage exists. Taking these factors into account, the potential for cereal imports in the short and medium terms are clearly lower than the levels that many projected a few years ago. By 2007/2008, it is projected that net Chinese cereal imports (including rice) will reach about 4 million tonnes—one quarter of the record levels observed in the mid-1990s [Figure 8].

China is a large producer and importer of oilseeds and oilseed products (meal and oil). With the introduction of the grain bag policy, an increase in grain procurement prices provided a more favourable production environment for grains than for oilseeds. Although China continues to be a very large oilseed producer, the increasing urban population with its rising income has stimulated demand for vegetable oil and meat (derived demand for protein meal). This demand increasingly puts pressure on China to increase oilseed imports.

Until recently, soybean imports, unlike soybean meal, were subject to a value-added tax (VAT), which explains the preference for meal imports. The recent imposition of the same 13 percent VAT on soybean meal has neutralized the distorting effect on Chinese soybean crushers, leading to higher raw soybean imports and meal production. As a result of this higher meal production, China is once again a net exporter of oilseed meals (soybeans, canola and sunflower) in 1999/2000 and 2000/2001. Because of the strong rise in demand, China should once again become a net importer of meals during the baseline period but at relatively low levels compared with those of 1996/97 and 1997/1998.

Vegetable oil imports are much more strictly controlled in China. With six government-owned trading companies in charge of these imports, a 20 percent import tariff, and a 13 percent VAT, there is a strong incentive to smuggle vegetable oils into China. A recent crackdown on smuggling increased the difference between Chinese prices and world prices for vegetable oils and further increased the incentive to import and to process raw soybeans and canola domestically. Under this policy, and where procurement prices no longer act as a tax on grain production, and soybean meal faces the same tax as soybeans, it is projected that over the medium term, oilseed imports (soybeans and canola) will remain at relatively high levels [Figure 8]. Vegetable oil imports should not exceed 4 million tonnes.

Trade policy changes with respect to quantitative restrictions and new tariff levels for grains and oilseeds that emerged from the signing of the China−United States Bilateral Agreement on November 15, 1999 were incorporated into the baseline. The tariff rate quotas specified in the bilateral agreement are not binding for wheat and coarse grains over the baseline since imports never reach the quota limits. This result rests essentially on the assumption that China will continue to pursue its self-sufficiency goals. Since vegetable oils are easily substitutable, it was assumed that should soybean oil imports reach their quota maximum, imports of other vegetable oils, especially canola oil and palm oil, would increase to limit the impact of the over-quota tariff.

Another important assumption of the baseline is the Chinese exchange rate. Since 1995, the yuan has been very stable. It was assumed that the Chinese authorities will allow the yuan to decline slowly to market value as a means of protecting China's domestic manufacturing and agricultural sectors from inexpensive imports. Thus in the baseline, we used the OECD's assumptions that the yuan depreciates in real terms by 1.8 percent on average per annum from 2001 to 2006.

Taking these factors in aggregate, Chinese net imports of all cereals, oilseeds and meal (on a soybean equivalent basis) should reach a total of 21 million tonnes in 2007/ 2008, or about 4 million tonnes above the 1995/1996 level.

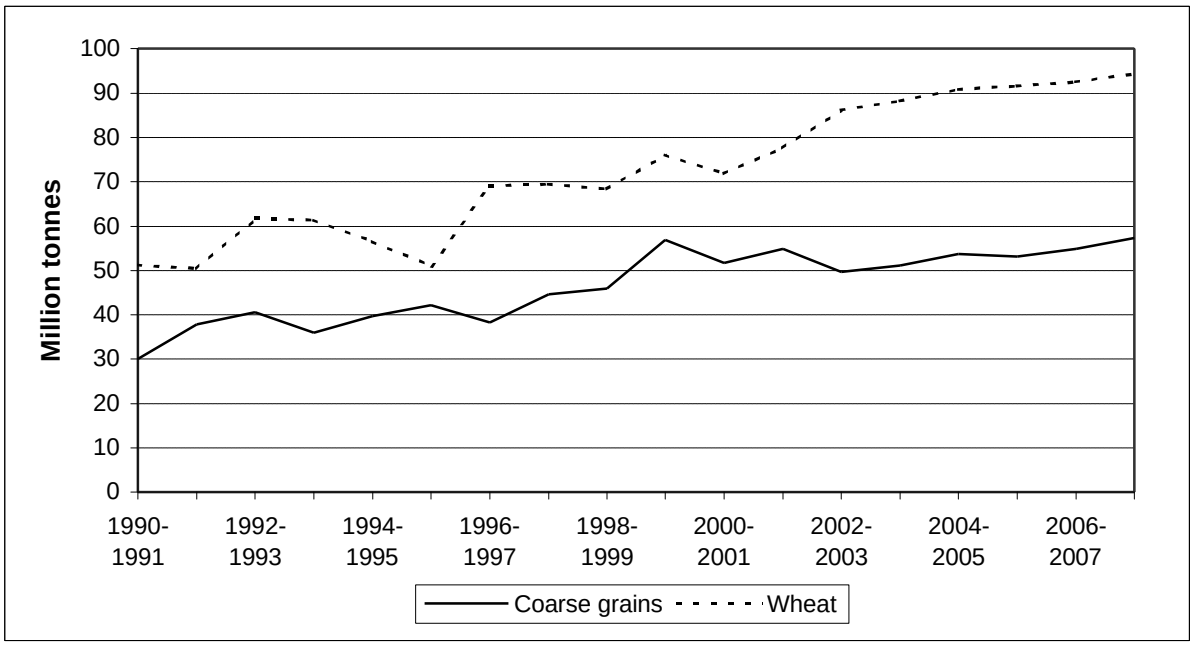
Rest of the world: Demand versus supply

The rest of the world, which is defined in our analysis as the world minus the OECD countries—the former USSR, China and Argentina, is the main source of demand growth for agri-food products over the baseline period. Population in these countries is projected to increase by 445 million between 2000 and 2007. According to the OECD, GDP growth of these countries is rapidly returning to the pre-crisis level, with an average of 4.7 percent for the period between 2001 and 2007. A long period of economic growth is not uncommon for these countries.

In the short term, the countries that were hardest hit by the crisis will still be affected by lower purchasing power, but the overall demand for cereals and oilseeds is projected to increase. Rising population and income, ongoing migration from rural regions to large urban centres, and the transformation of the national diet away from staple foods to more cereals and animal-based products

will spur demand. Total consumption of coarse grains, wheat, and oilseeds for these countries is projected to rise by 53.4 million tonnes, 44.7 million tonnes, and 7.5 million tonnes respectively between 2000 and 2007.

Figure 9: Rest of world net imports

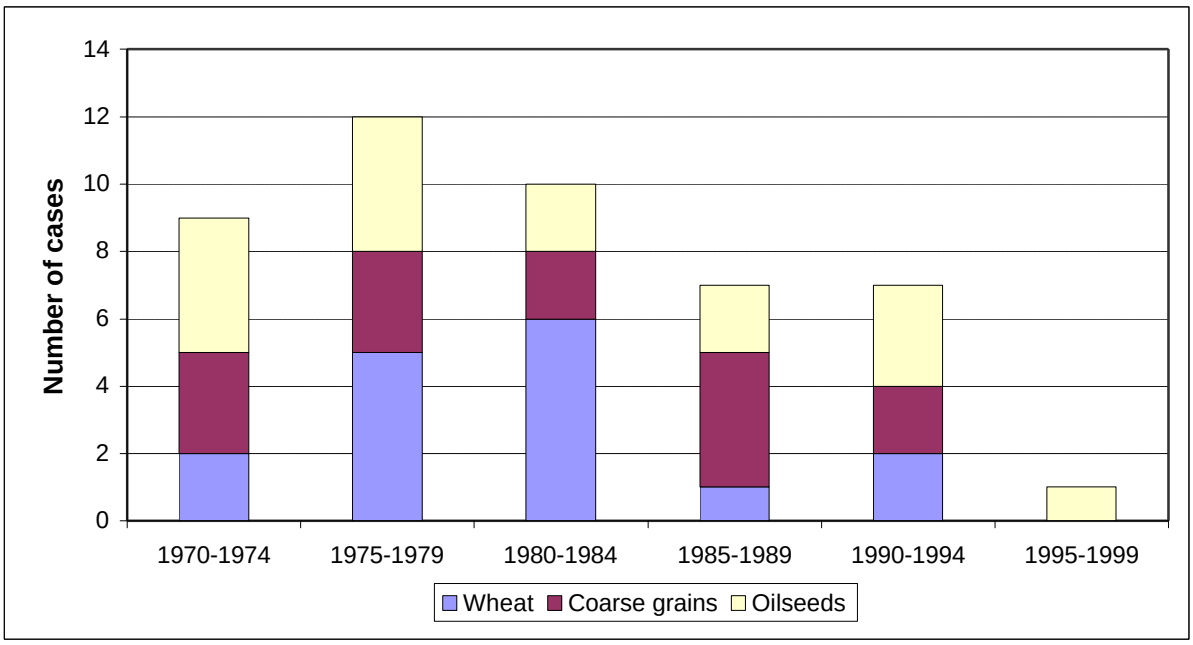


This increased consumption will not automatically result in higher imports since production is projected to grow by 52.8 million tonnes, 17.5 million tonnes and 6.4 million tonnes respectively for coarse grains, wheat and oilseeds. The total area devoted to these three crops is projected to increase by almost 19 million hectares over the baseline period. Coarse grains are projected to show the highest yield and harvested area growth in the medium term, followed by oilseeds and wheat. As a result, net requirements for wheat in these countries should expand substantially [Figure 9]. For coarse grains, this net expansion is moderate. The rest of the world is a net exporter of oilseed and oilseed products and is projected to remain so during the baseline period. This export position is essentially due to the supply situation in Brazil, as discussed previously.

Climatic conditions: Drought potential?

As in most baselines, normal weather conditions are assumed and therefore yields are projected to follow a linear trend. Only a single drought in a major grain and oilseed producing country was recorded in the 1995–1999 period [Figure 10]. Comparing the current period yields for wheat, coarse grains and oilseeds to the historical trend, it is apparent that the number of droughts (assuming that a 15 percent reduction from the trend is indicative of a drought) in the 1995–1999 period was clearly less than the number of droughts in each of the previous five-year periods. These previous periods had drought occurrences ranging from a low of seven to a high of twelve. The number of droughts that will occur in the next five-year period is obviously unknown. It is known that Canada will be affected by a drought this crop year, 2001/2002, that will reduce the production of wheat, coarse grains and oilseeds. According to a simulation using the OECD *AGLINK* model, the Canadian drought in 2001/2002 increased world prices of coarse grains, wheat and oilseeds 3.2 percent, 4.1 percent and 5.2 percent, respectively.

Figure 10: International drought cases during five year intervals

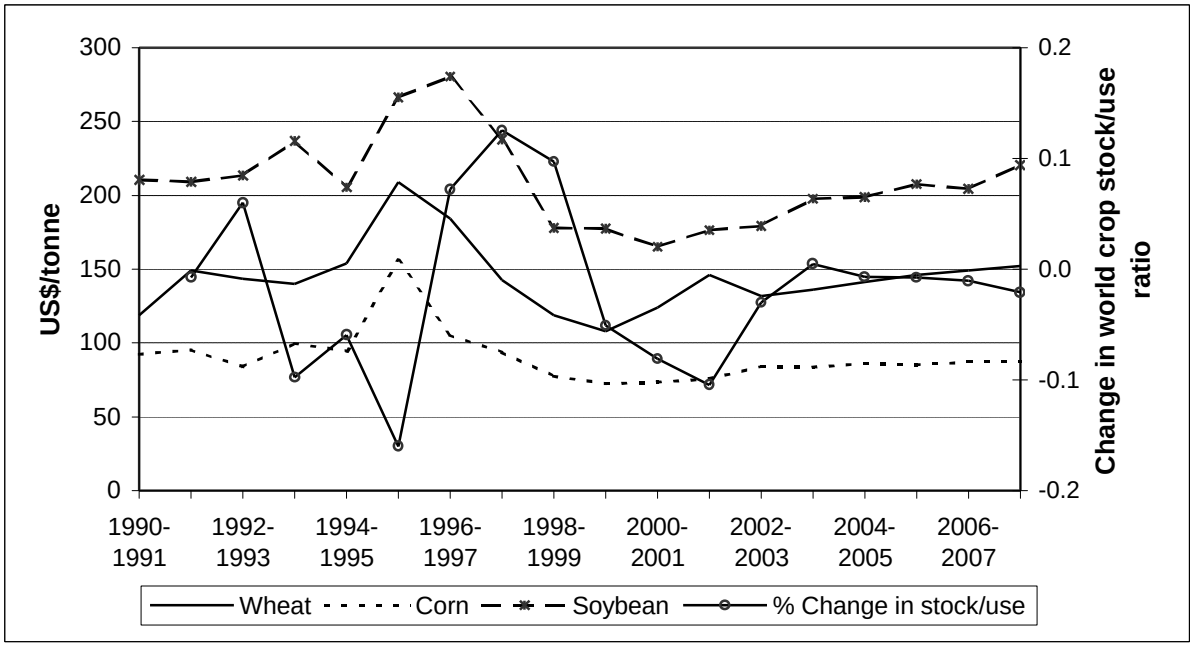


International

In the current 2001/2002 crop year, a further substantial price increase for wheat is anticipated, but not for coarse grains. World wheat prices are projected to improve from the depressed level observed in 1999/2000 as world wheat disappearance outstrips production for the fourth consecutive year and world stocks decline below 100 million tonnes (17 percent stock-to-use ratio). This improvement in the relative price of wheat should, in most countries, result in a switch in cultivated area to wheat during the next crop year. This situation, together with a return to yields in line with the historical trend in the United States and Canada will result in global wheat production exceeding consumption for the first time since 1997/1998. Wheat prices should therefore decline in 2002/2003.

The world wheat stock-to-use ratio is similar to the level observed in the mid-1990s when grain prices surged. The composition of stockholder countries and the large stocks of coarse grains should prevent a recurrence of this phenomenon. In particular, the build-up of free stocks held by the major wheat exporters (particularly the United States) had a negative impact on wheat prices over the last few years.

Figure 11: World price of cereals and oilseeds

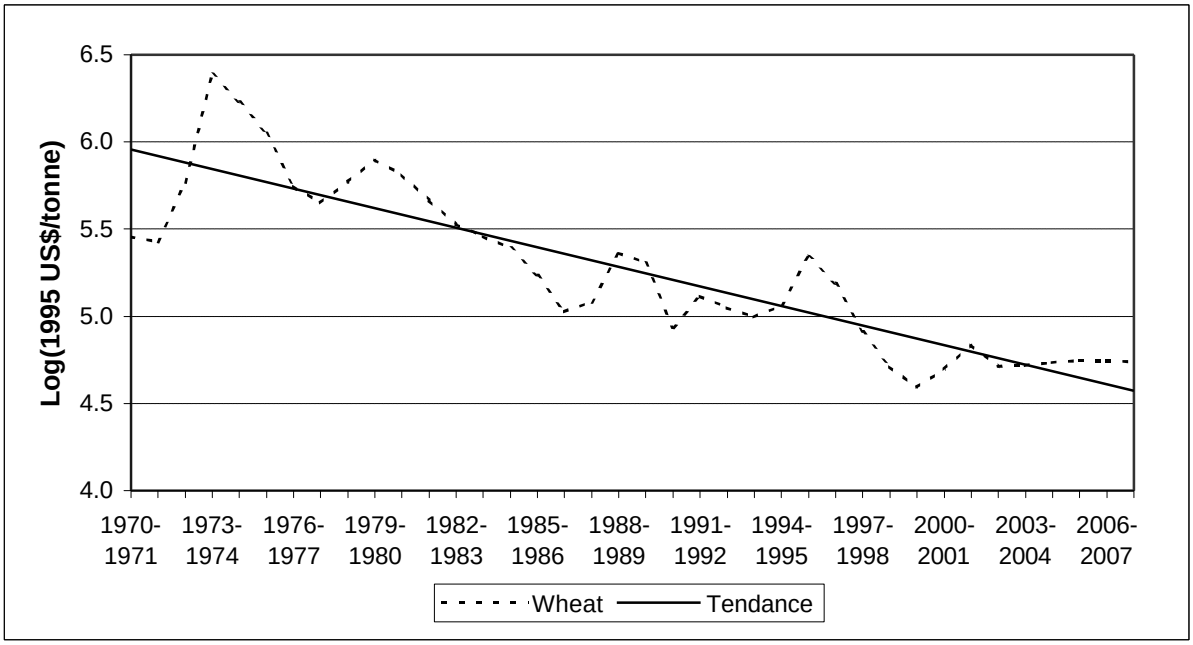


For coarse grains, the situation in the short term (2001/2002) suggests world prices similar to the last few years. The world coarse grain stock-to-use ratio will continue to decline but will not be low enough to allow a surge in prices. The anticipated decline in areas worldwide in 2002/2003 will result in a further decline in stocks and a significant price improvement. However, as long as the United States continues to support its agriculture and to enjoy good climatic conditions, no surge in world prices can be anticipated in the medium term [Table B.5].

Some improvement in the price of soybeans is anticipated in 2001/2002 since, contrary to the situation that prevailed in previous years when production had largely surpassed consumption, stocks should not increase this year. This trend will turn around in 2003/2004, since a reduction in oilseed crop area is anticipated. Prices of oilseed products (vegetable oil and meal by-products) are projected to increase in 2001/2002, improving crushers' margins, especially those crushing soybeans.

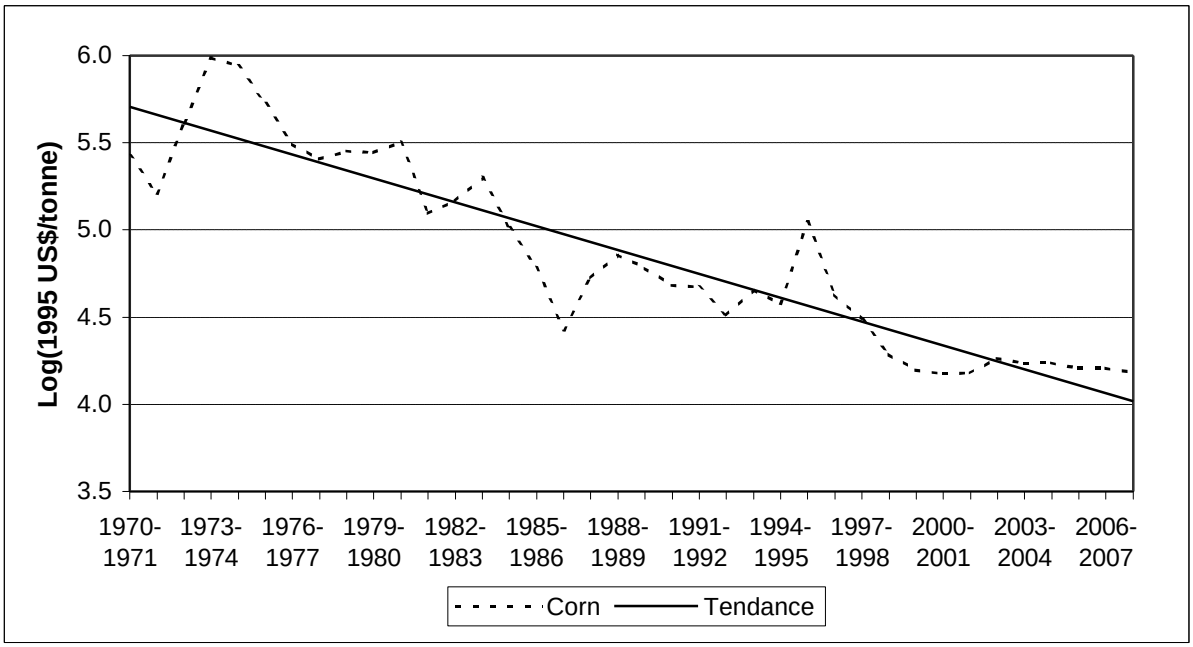
Over the medium term, improvements in world wheat prices are projected as supply will never increase enough to significantly change projected market conditions in 2002/2003. According to the policy baseline, the annual rise in the world wheat price will be 3.2 percent in 2003/2004, but only 1.9 percent in 2007/2008 [Figure 11]. Rising EU exports moderate the potential for higher wheat prices. The combination of a relatively weak euro, a declining cereal support price and improved world wheat prices will allow the EU to export without subsidies throughout the baseline period. In real terms, world wheat prices increase modestly from the depressed levels observed at the end of the late 1990s and then remain relatively flat through to the end of the baseline period [Figure 12].

Figure 12: Long-term real wheat price



Production and consumption of coarse grains should rise together from 2004/2005, leaving stocks practically unchanged. However, the stock-to-use ratio will decline, thus permitting a small price rise in the medium term. Nevertheless, in 2007/2008 the corn price will still be 44 percent below the record level set in 1995/1996. However, as long as the United States continues to support strongly its agriculture and to enjoy good climatic conditions, no surge in world prices can be anticipated in the medium term [Table B.5].

Figure 13: Long-term real corn price



The medium-term situation for oilseeds, vegetable oils and protein meals is complicated by the continued influence that the US soybean loan rate is projected to have on world markets. With producers making planting decisions on the basis of floor prices that are higher than world market returns, soybeans will remain overabundant and prices will stay below US$200/tonne (Illinois market) until 2004/2005. Distortions from the US loan rate will be significant through 2004/2005. Not until 2007/2008 will US producer prices reach a level above the loan rate, thereby removing the incentive to produce more soybeans than underlying world market conditions would warrant. Improvements in world soybean meal and soybean oil prices are projected over the duration of the baseline period, as a result of growing demand for these products, including meal in North America, China and the EU, and oils in China and the other developing countries.

Demand factors should start to improve the oilseed situation. Nevertheless, continued expansion of oilseed and oilseed product production in Argentina, Brazil and the United States, and increasing palm oil supplies from Indonesia and Malaysia, toward the end of the baseline period, will limit upward soybean price movements for 2003–2006. Prices, however, will still be well above the current level.

Domestic

Key assumptions

- Normal weather conditions and trend yield improvements throughout the baseline period were assumed, except in 2001/2002. At the time of writing, the drop in yield resulting from the drought in Western Canada could not be accurately quantified. According to a report released by Statistics Canada, yields of canola, wheat, barley, soybeans and corn will be, respectively, 10 percent, 20 percent, 16 percent, 18 percent and 10 percent lower than linear trends.
- Canada will not impose countervail duties on US corn imports.
- The grain transportation reform announced on May 10, 2000 and the bill tabled in Parliament on May 29, 2000 resulted in a decline in rail shipping costs on the Canadian Prairies. While the longer term impacts of this reform will undoubtedly be seen in a thorough revision of the rate schedule, a relatively simplified approach had to be adopted for this baseline period. Based on the announced revenue ceiling of $27/tonne for the 2000/2001 crop year, the cut is $5.92 from the current rate of $32.92. Since the medium term baseline uses distances between 976 km and 1000 km for the representative rate, a slightly different calculation was necessary to find the appropriate deduction from the legislated regulatory maximum of $34.65 in 2000/2001, resulting in a rate of $27.53/tonne. The assumption was then made that this rate will increase by 3.5 percent in 2001/2002 and by an amount equal to the inflation rate from 2002 to 2007.

Domestic situation

Prices

The impact of the drought on domestic prices depends mostly on the importance of Canada in the world market for those products, and whether or not the associated decline in production is sufficient to turn around the trade balance. Canada is an important player on the world market of many special crops including canary and mustard seed. A sizeable reduction in Canadian production automatically leads to a large increase in the price of these products. Canada is also an important player in the canola market and the durum wheat market. As a result, an important decline in the Canadian production of these products generally creates a significant increase in world prices. For coarse grains, the

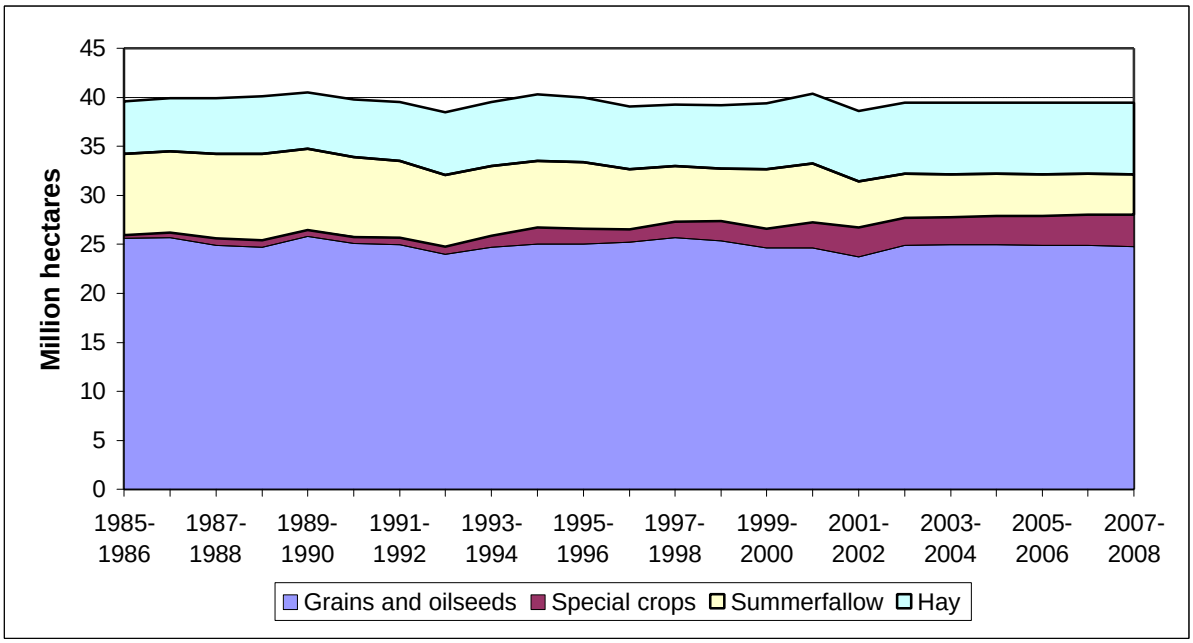
2001/2002 drought will reverse the trade balance, especially for feed barley and corn. For that reason, the Canadian price of these two products will no longer be determined by the export floor but by the import ceiling. It thus explains the larger expected increase in the Canadian price of these products compared with world prices in 2001/2002. It will not be the case for bread wheat, but producers will still benefit from the anticipated increase in the world price. From 2002/2003 onward, projected Canadian export prices generally increase at a slower rate than the world indicator prices, largely because of the projected appreciation of the Canadian currency relative to the US currency.

With a return to a normal barley yield in Western Canada and a gradual replenishment of stocks, the barley/corn price ratio is expected to return to more a typical value by the end of the baseline period. As livestock production continues to expand in Western Canada, barley exports are limited to malting barley.

Area allocation

Crop prices, which are generally rising slightly, should not lead to an increase in total area dedicated to crops over the baseline period. Total area, i.e. cereal, oilseed and special crop area harvested, seeded hay area and summerfallow, will remain practically unchanged throughout the period analysed (0.3 percent growth per annum).

Figure 14: Crop area allocation in Canada



For the major grains and oilseeds, the area harvested is projected to remain almost unchanged. Seeded areas for crop year 2001/2002 indicate an increase in wheat area (3.1 percent) and coarse grain area (2.6 percent), and a substantial decline in oilseed area (-13 percent). Because of the drought affecting some parts of the Canadian Prairies, the increase in harvested areas differs greatly from the increase in seeded areas as indicated by the recent numbers published by Statistics Canada (0.1 percent, 0.3 percent and –14 percent for wheat, coarse grains and oilseeds, respectively). Over the baseline period, the largest price improvements are projected for canola, which will lead to a larger area allocated to this crop, especially at the end of the analysis period. In the short term, because of the higher prices resulting from the drought, durum wheat, canola and barley area are projected to increase relative to 2000/2001 plantings, and bread wheat area should decline. This situation is contrary to that

at the world level and can be explained by the different movement in relative prices caused by the factors previously explained.

Due to the strong increase in prices of durum wheat, canola and barley, the special crop area is not projected to continue its marked upward trend in the short term. Seeded area of five of the major special crops in Western Canada (field peas, lentils, mustard seed, canary seed and sunflower seed) will not reach the record established in 2001/2002, over the next three years. In the medium term, increasing cereal and oilseed prices are projected to have a limited effect on the growth in special crop production. Special crop area is projected to reach 3.24 million hectares in 2007/2008 [Figure 15].

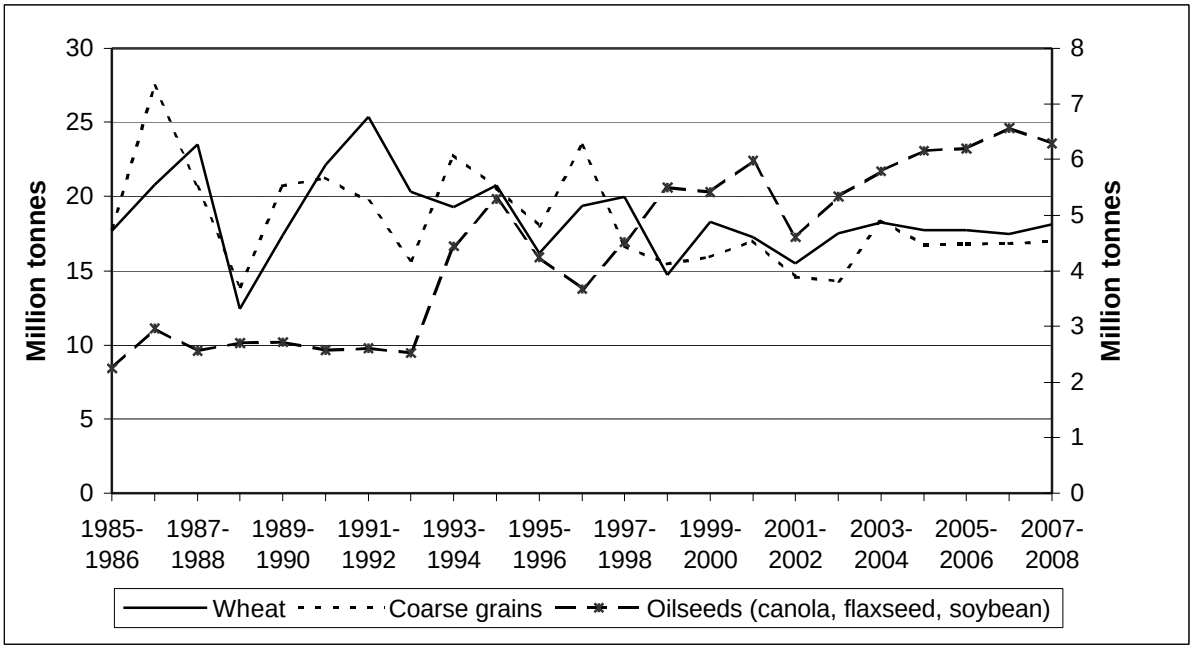
In the medium term, total seeded hay area is projected to return to a level modestly above the 1996/1997–1999/2000 average (6.52 million hectares). In Western Canada, the decline observed in 1996/1997 and 1997/1998 halted and seeded hay area increased, in parallel with feeder cattle prices, to 4.83 million hectares in 2000/2001. In view of the projected increase in the cattle herd in Western Canada, this area should continue at around 5.0 million hectares from 2003/2004 onward. In Eastern Canada, seeded hay area continues its downward trend. In 2001/2002, high corn and soybean area estimates suggest a further drop. However, seeded hay area should stabilize in subsequent years because of the increase in the cattle herd.

The almost continuous downward trend in the area allocated to summerfallow in Western Canada has allowed expansion of the crop area planted. After 1980, the summerfallow area declined from 10.5 million hectares to a low of 5.4 million hectares in 1998/1999. The 1999/2000 crop year was marred by wet weather conditions resulting in an increase in summerfallow area to 6.1 million hectares. In the medium term the summerfallow area, estimated at around 4.7 million hectares in 2001/2002, should continue to decline. Based on an average 1.6 percent reduction per annum, the area is projected to decrease to 4.2 million hectares by 2007/2008. This slow decline in the summerfallow area (less than 2 percent per annum) is a function of flat real grain prices and the limited suitability of the remaining summerfallow area to be shifted to other crops.

Production, exports and use

On the basis of the expected relative prices, production of wheat in Canada will not return to the historical highs recorded at the beginning of the 1990s. Production will range between 26 million tonnes and 27 million tonnes. Rising feed and food usage reduce the amount of wheat available for export. This rising food usage is partly explained by the fact that Canada's trade balance (in volume terms) for cereal and bakery products (positive for the first time in 1999) should continue to rise in the medium term. The highest level of wheat exports (18.25 million tonnes) over the baseline period will still be 7.0 million tonnes smaller than the historical peak recorded a decade ago [Figure 15].

Figure 15: Major crop exports in Canada

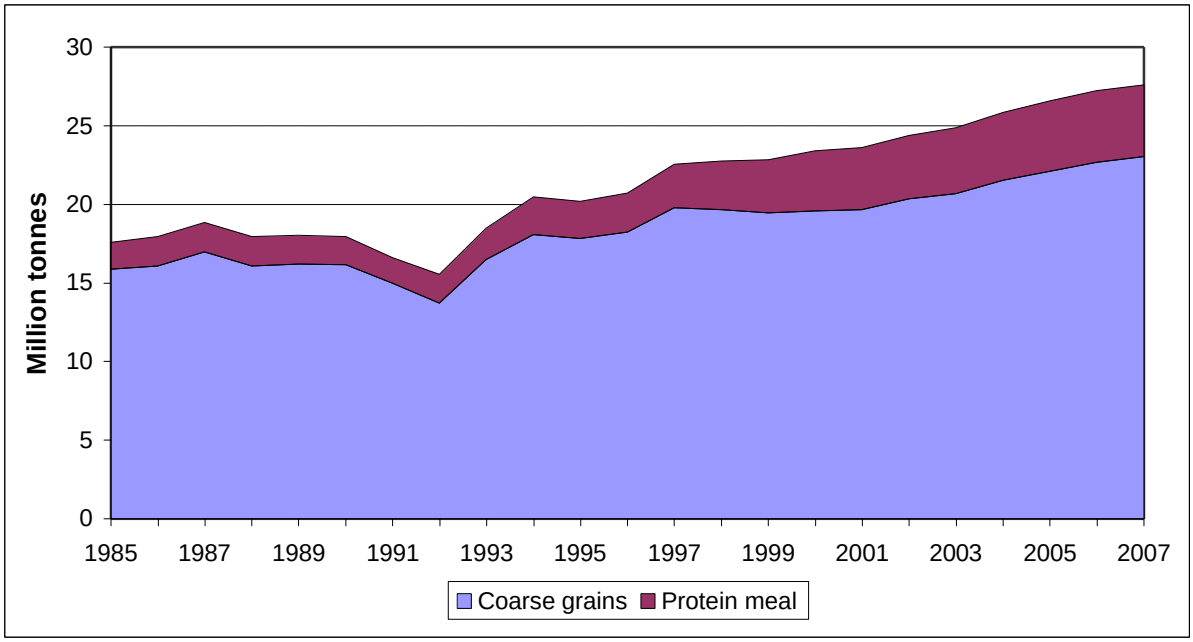


The area allocated to coarse grains will not return to the high levels posted during the 1980s. Relative prices continue to favour oilseed production in the medium term. A small increase in areas is still projected, which combined with higher yields will result in a production increase to 29.5 million tonnes in 2007/2008. Rising feed and industrial use of coarse grains limit export availability [Figure 15]. This situation is mainly due to the continued decline in feed barley exports. Strong growth in livestock production and demand for feed barley, on the Canadian Prairies, combined with relatively low international feed grain prices because of US corn surpluses, will inevitably create a trade deficit of the two primary feed grains (corn and barley) in this region of Canada.

The canola area, which is fairly small in 2001/2002, will show the strongest growth but will not return to the high level recorded in 1999/2000. Oilseed production falls to a low of 8.12 million tonnes in 2001/2002. Because of the substantial drop in the oil price, canola crushing margins were down substantially in 2000/2001 and will likely fall again in 2001/2002 because of the large increase in the price of canola. A relatively large cut in crushing volumes is therefore anticipated in 2001/2002. The projected rise in oil prices in the medium term will allow crushing volumes to return to levels similar to the 1990s. This crushing volume should allow high level of exports except in 2001/2002 [Figure 15].

For all the major grains, increasing livestock numbers translate into increasing domestic feed requirements, which ultimately reduce the level of bulk grain exports. For feed composition, it is projected that relatively low prices for protein meal will increase its use in livestock rations. High growth rates in production are projected for dry peas, which will promote the use of this crop for feed purposes in Western Canada. Increasing livestock production will continue to expand barley feed usage, which is projected to increase 2.25 million tonnes to reach 12.34 million tonnes in 2007/2008 [Figure 16]. Corn feed usage, which exceeded 7.0 million tonnes, will continue to expand rapidly, with growth in the range of 1.7 percent per annum on average during the baseline period.

Figure 16: Consumption of feed in Canada



Red meats

International: Crisis after crisis

International meat markets have been disrupted by a series of animal health or food safety crises, during the past five years. These crises started with the first mad cow disease (bovine spongiform encephalopathy (BSE)) crisis in the EU in 1996. Chinese Taipei was hit by foot and mouth disease the following year, which wiped out all pork exports from that country. The EU was faced with another crisis in 1999 when dioxin was found in chickens. In 2000, Korea and Japan had an outbreak of foot and mouth disease. In the fall of that year, the EU suffered a second mad cow crisis, which was more serious since it was no longer confined to the United Kingdom. Crises continued in 2001 with a large-scale foot and mouth epidemic in the United Kingdom, together with some infection sites in other EU member countries. Uruguay, which had recently received the status of a foot and mouth disease-free country by the World Organization for Animal Health (OIE), is currently facing a large-scale epidemic, which will probably lead to suspension of negotiations for access to the Japanese and Korean markets. Argentina had just received the same status but is now faced with a large-scale foot and mouth disease outbreak. In addition, there have been major crises associated with the E. coli bacterium, including the Walkerton tragedy in Canada.

To appreciate fully the economic impacts of these crises, it is preferable to distinguish between those that disrupt international trade relations, and those that affect the demand and the confidence of consumers as well. Anything relating to food safety changes consumer demand in the affected countries (and sometimes in other countries, since this type of information quickly becomes global) and can also cause a loss of export markets. Economic consequences will depend on market structure, the seriousness of the crisis and the reactions of the affected country's trade partners.

Foot and mouth disease, in principle, should have no impact on consumer demand, as there are no risks to humans. However, there is great risk to cloven-footed animals (cattle, sheep, goats and hogs) since the disease is highly contagious. Its symptoms are the appearance of ulcers on the mouth (reducing the animal's appetite) and feet. A virus that may be present in animal blood, saliva and milk causes the disease. The virus is propagated in various ways—humans, insects, most meat products, excrement, food, water or soil. Since the disease is highly contagious, infected animals in a country are usually destroyed and other countries impose an embargo on imports of livestock and fresh, chilled and frozen meat from the affected countries. Only cooked and canned, smoked, salted or dried meat may be imported, since these processing methods kill the virus. Furthermore, because contagion between different types of cloven-footed animals is possible, when food-and mouth disease appears in one type of animal in a country, exports of the four types of meat are affected.

Segmentation of world meat markets is the direct result of trade barriers used by countries to prevent infection of their herds and flocks by foot and mouth disease. The OIE defines three types of foot and mouth disease zones:[4]

- Foot and mouth disease-free zones where vaccination is not practised. The zones must declare that there has been no outbreak of foot and mouth disease and that no vaccination has been carried out against the disease for at least 12 months.
- Foot and mouth disease-free zones where vaccination is practised. The zones must declare that there has been no outbreak of foot and mouth disease for the past two years following commencement of the vaccination.
- Foot and mouth disease-infected zones.

Market segmentation has been established because countries in the first zone refuse to import livestock and fresh, chilled or frozen meat from countries in the other two zones. Since most OECD countries (the wealthiest countries) are usually in the first zone, prices of beef and pork are higher in these markets than in the other two zones. For this reason, a foot and mouth epidemic can be economically disastrous when a country exports a high proportion of its meat production to countries in the first zone, as in the case of Chinese Taipei. That country, which exported more pork than Canada (excluding live animals) before the crisis, now has a pork trade deficit which is likely to continue in the years to come.

When foot and mouth disease breaks out, zone one countries have three options. The first, to do nothing, is seldom adopted. Even for a country that does not export fresh, chilled or frozen meat, the economic losses could become important due to potentially large declines in meat production if the epidemic spreads to a major part of the territory. Second, for a country that exports little or no fresh, chilled or frozen meat, vaccination may be a more economic option than systematic sanitary slaughter of infected animals and animals that have been in contact with them. OIE rules specify that a country that decides to vaccinate to halt the propagation of the disease must wait 12 months following the last vaccination before being reclassified into zone one, provided no cases are declared during that period. Thus, for a non-exporting country it is cheaper to minimize production losses. Countries that export a high proportion of their meat production normally prefer the third option, which is a systematic sanitary slaughter of infected animals and any other animals that have been in contact with the

[4] These zones may cover entire countries or be confined to particular regions. In the latter case, surveillance zones, buffer zones or physical or geographical barriers must separate the various types of zones.

infected ones. With this option, the time before reclassification into zone one is only three months after the last case.

International: Medium term prospects

To control the foot and mouth disease epidemic, the Korean government undertook the sanitary slaughter of the infected stock and implemented a vaccination campaign ending in July 2000. Since Korea has had no new cases to date, the country should be reclassified into zone one in the summer of 2001. The Korean government will then have to renegotiate access to Japanese markets. Once this has been done, Korean exporters will have to win back the customers they lost to other countries exporting to the Japanese market—Canada, the United States and Denmark. This market loss is why we have assumed that Korean pork exports will not return to significant levels before 2003. Since Korea is both a pork importer and exporter, impacts on domestic and international markets have not been as great as during the epidemic in Chinese Taipei. According to the OECD Agricultural Outlook, loss of the Japanese market led to a 15 percent drop in the Korean domestic price, which in turn reduced imports by about 5,000 tonnes. The net effect on other exporters in these markets will therefore not equal total Korean exports to Japan.

Historically, Uruguay and Argentina had not achieved significant penetration of the Pacific foot and mouth disease-free beef market, but the situation was changing before the 2001 epidemics. Both these countries, which previously had the status of foot and mouth disease-free countries, are now affected by major epidemics. For this reason, it remains realistic to assume that they will not successfully penetrate the lucrative Asian markets, especially in the short term. In addition to being denied access to these new markets, Argentina and Uruguay have lost the lucrative Canadian, American and EU markets (secured through tariff quotas). Since they have opted to vaccinate livestock, a relatively long period could elapse before a return to the pre-crisis situation. For this reason, our assumption is that their exports of fresh, chilled and frozen meat to Canada, the United States and the EU will not recover before 2003.

The MERCOSUR beef market was also disrupted by loss of the EU market by the southern states of Brazil. Because of the regionalization principle of the URAA, these states had succeeded in penetrating the community market. However, the foot and mouth epidemic in neighbouring countries spread to Rio Grande Do Sul, and the EU quickly suspended imports from Brazil. Because of these many market losses, beef prices in the MERCOSUR countries rapidly declined, especially in Brazil, thus reducing the land devoted to livestock and increasing crop production.

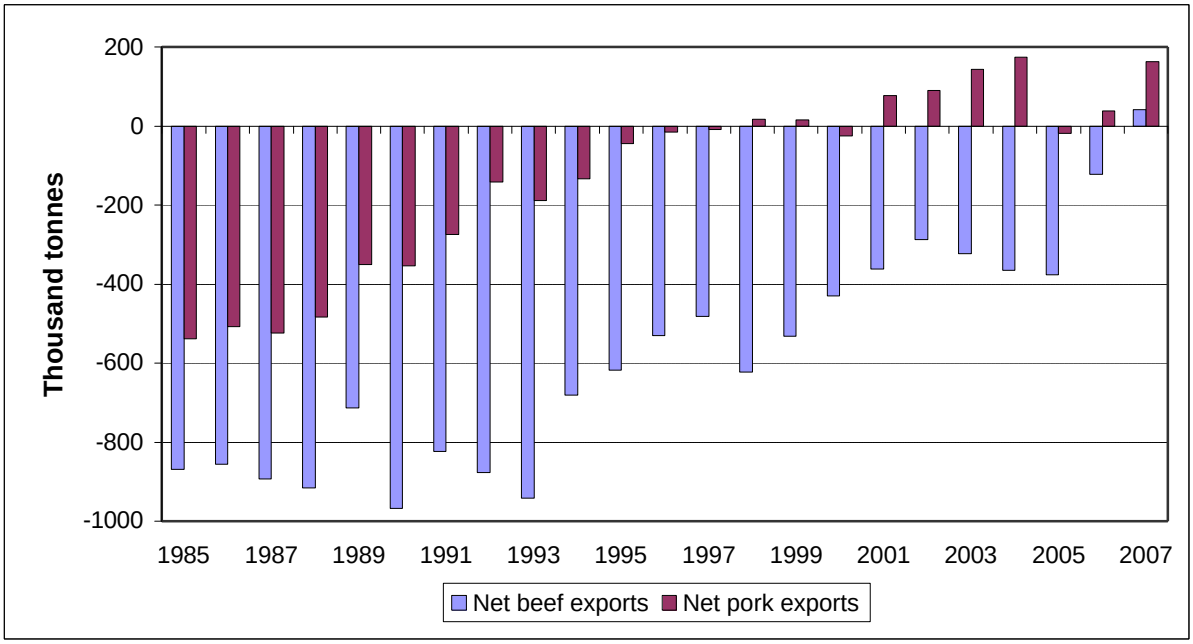
The EU is struggling with a dual crisis. The second mad cow crisis has greatly upset the demand for beef and has resulted in losses of many export markets. However, these losses should not significantly benefit Canadian beef producers, since the EU already could not export beef with subsidies to Pacific markets, because of the Andriesson agreement. Nevertheless, Canada should benefit indirectly, first because of increased demand for substitute meats such as pork in the EU, which will lead to a price increase. These increases will induce Denmark to export more of its production to neighbouring countries rather than to Japan. Canada will also benefit from weaker competition on Asian beef markets, since Australia has redirected some of its beef exports to former EU customers.

Having already lost beef export markets because of BSE, the EU was in danger of losing its pork export markets through foot and mouth disease. Japan blocked pork imports from Denmark for about a month in 2001. At the start of the foot and mouth epidemic, Canada and the United States imposed an embargo on all EU countries. Some major exporting countries like Denmark have once more been

allowed access to North American markets. All these developments have boosted the profits of Canadian beef and pork producers in the short term. In the longer term, these crises have helped to maintain or even to increase world meat market segmentation, which favours Canada since it exports to the most lucrative markets.

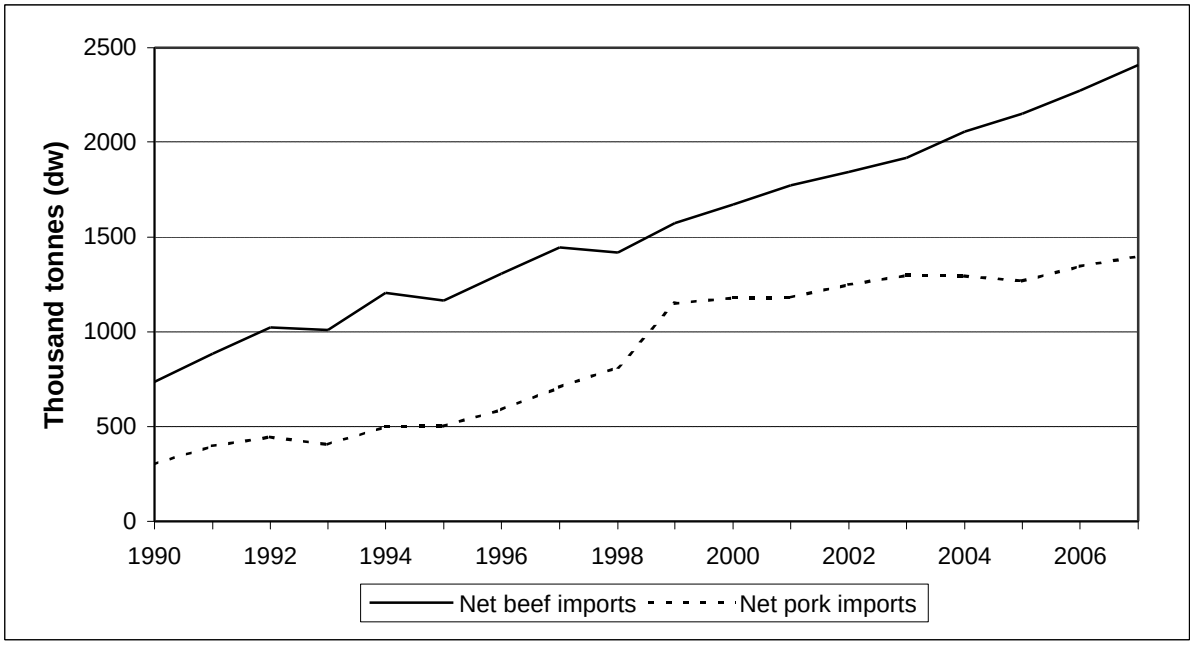
These lucrative markets are located in Asia and, to a lesser degree, Mexico. Japan, South Korea, Chinese Taipei and Mexico have experienced phenomenal growth in their net imports (imports less exports) of red meats in the last dozen years. In the case of beef, imports increased from about 650 000 tonnes[5] in 1990 to 1.6 million tonnes in 2000 and should reach 2.3 million tonnes by 2007 [Figure 18]. These countries' net pork imports rose from 300,000 tonnes to 1.2 million tonnes in 2000 and should reach 1.4 million tonnes by 2007 [Figure 18]. According to the baseline, Canada and the United States will be the two countries benefiting most from the opening of these markets. The United States red meats trade balance (including livestock in equivalent dressed carcass weight) should become positive in 2007 for the first time in many years, attaining 200,000 tonnes compared with a 1.3 million tonne deficit in 1990. In Canada's case, the trade balance should rise from 465,000 tonnes in 1990 to 2.1 million tonnes in 2007.

Figure 17: U.S. red meat industry



[5] All quantities stated are dressed carcass weight, including livestock in equivalent dressed carcass weight.

Figure 18: Expanding import market for red meats (including live animals)



Despite these developments, North American beef and pork price cycles will continue over the baseline period. Slaughter cattle prices in the United States will be relatively high in 2001 and will continue to increase until 2004, the peak year of the current cycle, when they will be 27 percent above the low observed in 1998. They will fall again to US$71.20 per live hundredweight in 2007, about 10 percent below the 2004 peak [Figure 19].

Figure 19: US livestock prices

Feeder cattle prices will reach unprecedented levels in 2001 because of strong demand caused by high slaughter cattle prices and low feed prices. Feeder cattle producers should benefit from highly

advantageous prices over the next four years. However, a steep price drop, as a result of the anticipated decline in the slaughter cattle price and the forecast rise in feed prices is expected for the latter end of the baseline period.

The low point of the North American hog price cycle will be seen in 1999, 2003 and 2007, with peaks in 2000, 2001 and 2004. In the medium term, structural changes in North American production will keep prices relatively low in relation to feed prices.

Domestic

Key assumptions

- No countervail/anti-dumping duty on Canadian cattle and hog exports is assumed over the baseline period.
- The support price formula under the Quebec hog price stabilization program will not change and the program will remain actuarially sound.
- Wages in the Canadian and United States packing industry will be stable in real terms.

Beef

Following the cycle of North American cattle prices, Canadian prices of feeder cattle will remain strong from 2000 to 2005, then begin to decline as feed prices increase and slaughter prices fall. Prices of slaughter cattle also will remain strong from 2000 to 2005, then decline until 2007.

After a peak in 1996, Canadian cattle inventories declined steadily in recent years, with the exception of a small increase in 2000. However, the herd is projected to increase 2001 and to continue until 2006, the next anticipated peak of the cycle. Along with inventories, cattle marketings have decreased 8.5 percent between 1998 and 2000. They will decrease further in 2001 as producers retain females for breeding as opposed to slaughter. Over the baseline period, marketings are projected to increase rapidly beginning in 2003 and reach about 5.5 million head by 2007.

The larger increase in cattle marketings compared with the increase in slaughter numbers leads throughout the baseline period, to a higher level of slaughter cattle net exports, which should rise 118.1 percent from 0.8 million head to 1.65 million head between 2000 and 2007.

Rebuilding the domestic cattle herd results in Canada being a net importer of feeder cattle until 2005. These imports are made possible by the Northwest Cattle Project, which facilitates feeder cattle imports from the United States. As the Canadian cattle cycle heads toward its peak, Canada again becomes a net exporter of feeder cattle in 2006 and 2007.

In response to the cattle price cycle, slaughter numbers will decrease 6.7 percent between 2000 and 2003, then increase until 2007. Canadian packers will reach a slaughter level of 3.8 million cattle per year in 2007. More than 70 percent of the increase in beef production (258,000 tonnes) between 2000 and 2007 is expected to be exported. Beef exports are projected to jump 36 percent from 513,000 tonnes in 2000 to 701,000 tonnes in 2007.

In summary, the baseline projection indicates that by 2007, Canadian cattle and veal farm output (in meat equivalent) will be 70.0 percent higher than the level observed in 1995, before elimination of the WGTA subsidy [Box 2; Figure 20]. Canadian beef industry exports will be 64.0 percent above the high level observed in 2000 and 137.0 percent above the level observed in 1995 [Figure 21].

Figure 20: Cattle and hog farm output in Canada

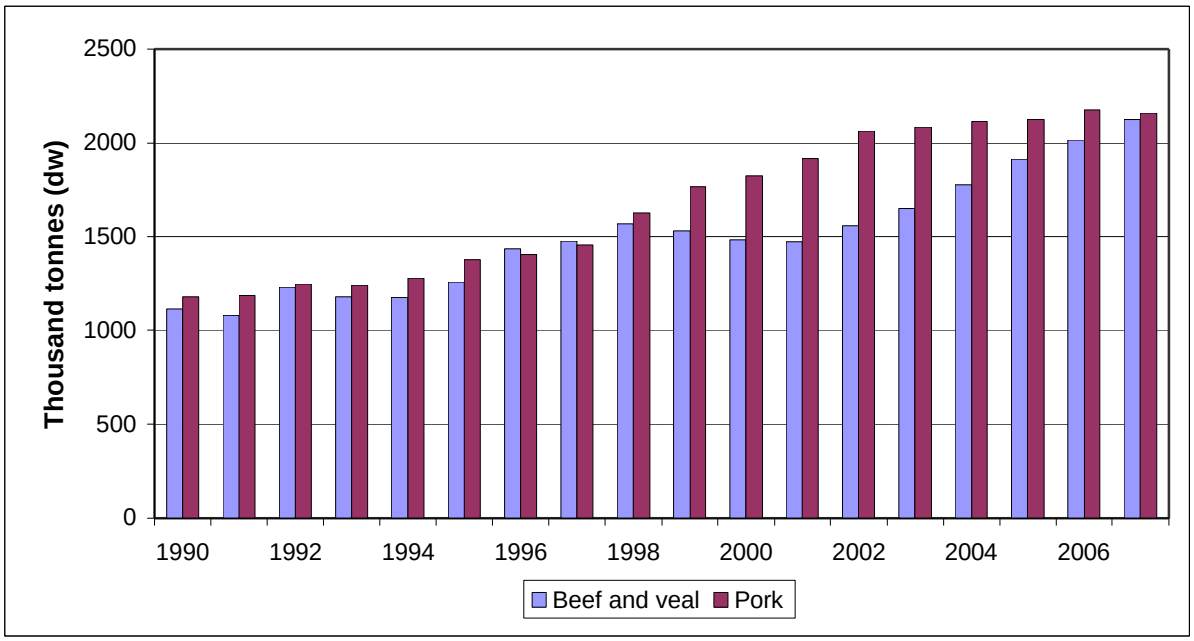
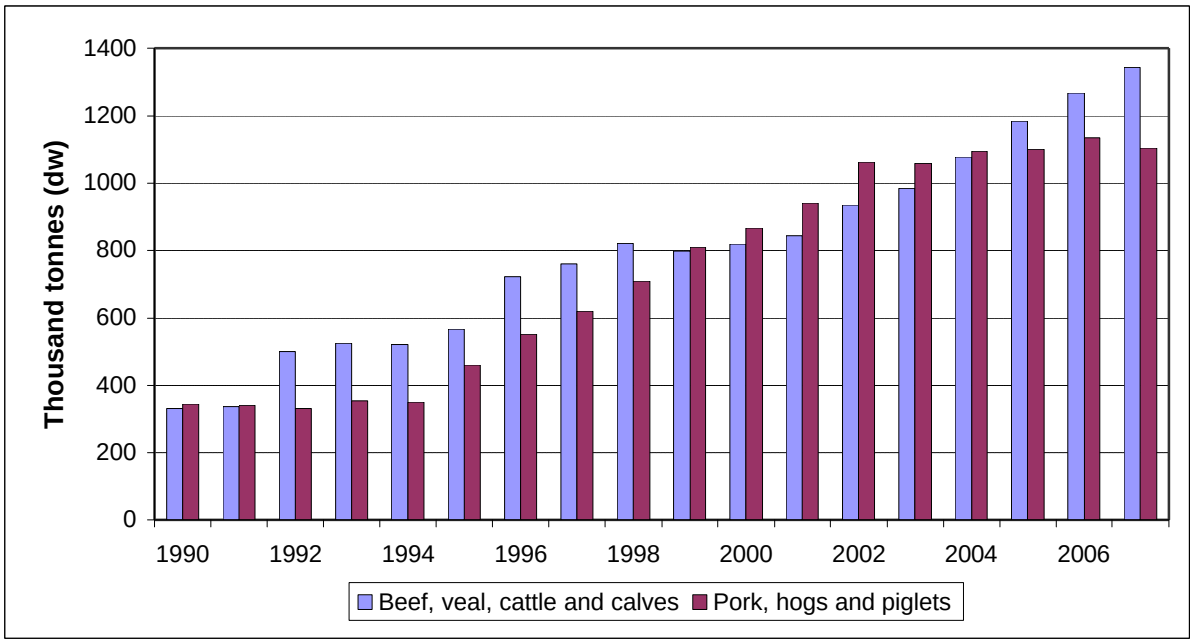


Figure 21: Red meat exports in Canada



Box 2: Expansion of the Canadian livestock industry

Five key factors contributed to the expansion of the Canadian livestock industry:

- *The elimination of the WGTA, which subsidized the export of prairie grains, had a positive effect on the Western Canadian livestock industry. Its elimination in 1995 resulted in a significant increase in maximum grain freight rates, which from a mid-prairie point (976-1000 miles from Vancouver) more than doubled from US$14.72/tonne to US$30.63/tonne.*
- *The devaluation of the Canadian dollar from $US0.73 in 1995 to $US0.67 in 1999 improved the competitiveness of Canadian meat exports in international markets.*
- *The large investments in the construction of newer and larger barns and state-of-the-art plants with increased slaughtering capacity were undertaken in the prairie provinces to achieve production and processing efficiencies and to capture opportunities in red meat markets.*
- *Thew bilateral and regional international trade agreements liberalized meat markets in Mexico, Japan and South Korea over the last twelve years. As a result, meat imports from these three countries increased rapidly.*
- *Several countries competing with Canada on international markets suffered major setbacks due to foot and mouth epidemics [see pages 30-32].*

In 2000, Western Canadian hog and cattle farm output in meat equivalent was about 26 percent higher than in 1995 when the WGTA subsidy was removed. According to the baseline, this trend will be maintained and in 2007 farm output should be 63 percent higher.

Pork

Following the North American hog price cycle, peak prices for Canadian hogs are projected to occur in 2000, 2001 and 2004. Cyclical lows occur in 2003, 2006 and 2007. The years 2000 and 2001 are expected to be the most profitable since 1993, as a result of both high hog prices and low feed grain prices (especially in the first half of 2001), following very difficult conditions in the two previous years. Furthermore, the fall in hog prices between 2001 and 2003 should be relatively modest compared with 1998, since rebuilding of the hog herd in the United States is proceeding slowly. Accordingly, a collapse in hog prices is not anticipated in 2002.

Growing environmental concerns and an anticipated tight market for feed barley are projected to slow the expansion of hog production in Western Canada by the end of the baseline period. Hog marketings in Western Canada will continue to increase to 11.3 million head in 2004 and will then fall slowly. Marketings in 2004 will be 65 percent higher than the 1995 level that occurred when the WGTA subsidy was eliminated. As has been the usual case, marketings of hogs in Eastern Canada are expected to remain more stable than those of Western Canada over the baseline period and range between 13.0 million head and 13.9 million head.

In the absence of any strikes or lockouts in the Canadian pork packing industry, hog slaughter is expected to increase over the baseline period. For example, the Maple Leaf Food hog-kill plant in Brandon is approaching its annual slaughter capacity of 2.3 million hogs. In addition, late in 1999, Schneider announced plans to triple the capacity of its two-year-old Winnipeg hog plant from 30,000 to 90,000 head per week by 2003. As a result, exports of slaughter hogs are projected to drop 25 percent in that year compared with a record high in 1998. In the medium term, slaughter hog exports should average 2.3 million head and weaner pig exports should average about 2.2 million head.

As a result of increased slaughter capacity and thus pork production, Canadian pork exports will increase over the baseline period from 665,000 tonnes in 2000 to 898,000 tonnes in 2007. More than 70 percent of the increase in pork production between 2000 and 2007 will be exported.

In summary, Canadian hog farm output at the end of the baseline period is anticipated to be 57 percent higher than the level observed in 1995 before the elimination of the WGTA subsidy [Box 2, Figure 20]. Canadian exports of pork and hogs are anticipated to be 141 percent above the level observed in 1995 at the time of elimination of the WGTA subsidy [Figure 21].

Poultry and eggs

International

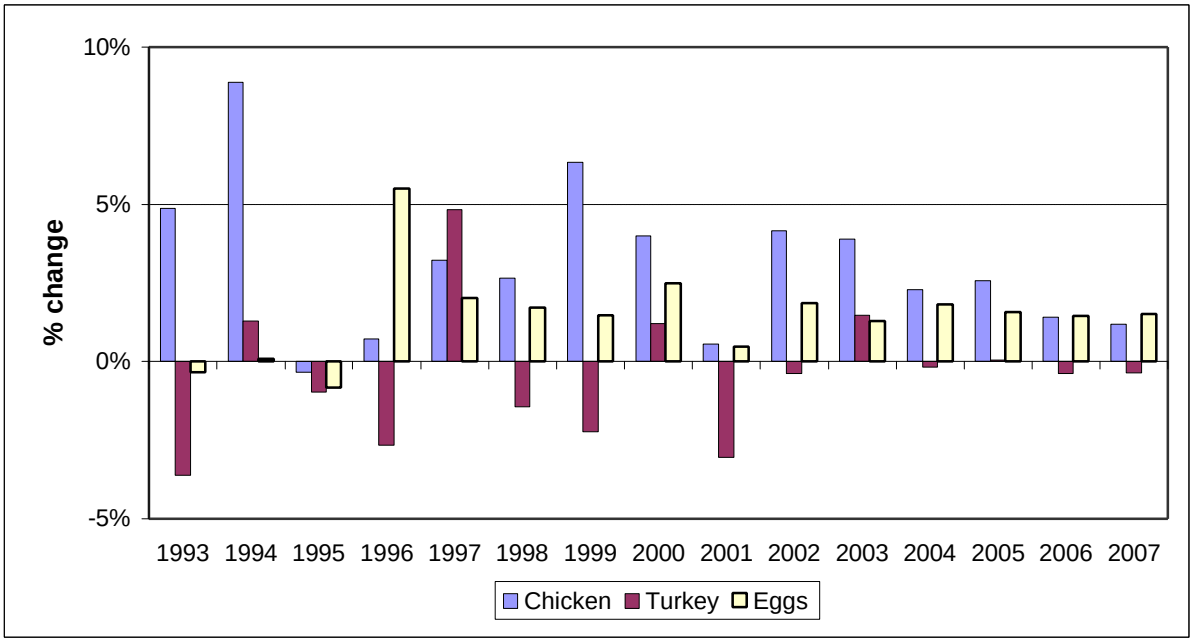
In the United States, strong domestic demand for poultry meat, stimulated by various factors including high beef prices in the short term, is encouraging poultry producers to increase production. Increased production is also increasing availability for export of those poultry parts that face weaker demand on the domestic market, such as dark meat. US poultry exports should therefore increase 2 percent per year, on average, over the baseline period. According to the USDA, United States was the world's largest poultry exporter in 1999 with about one third of the export volume, representing 2.6 million tonnes. However, American exports are very dependent on volatile markets like Russia and Latvia. The medium term outlook is highly uncertain, as evidenced by the Russian decision to change customs duties on poultry meat imports and add new conditions relating to import procedures.

In the EU, the second largest global exporter in 1999 (not counting intra-community trade) just ahead of Brazil, the prospects for growth in poultry meat exports remain moderate. The competition from countries with lower production costs is strong. The countries in question are the United States, Thailand, and China and, especially, Brazil, whose exports rose from 300 to 800 kt between 1990 and 1999. In addition, probable stricter regulations on conditions for broiler raising in some EU member countries could increase production costs further. In addition, the Russian financial crisis has introduced considerable uncertainty as to the potential for imports to that country. Given all these factors, future growth of poultry exports from the EU will likely be achieved more through greater added value of processed products than higher volumes traded.

Domestic

The demand for poultry meat in Canada is projected to rise substantially over the baseline period [Figure 22]. Annual per capita consumption of chicken in 2007 is projected to be 5 kg above the current level. Production should also increase due to low feed costs and gains in productivity. This increase in output is projected to stimulate chicken exports from 68 kt in 1999 to more than 92 kt in 2007. For turkey, per capita consumption and exports are projected to remain unchanged at around 4.2 kg and 19 kt, respectively throughout the period. Because of the high demand, stimulated by such factors as high beef prices, poultry prices should increase in the short term. In the medium term, they should continue slightly above the 1997–2000 average as a result of the projected increase in feed costs.

Figure 22: Growth in poultry consumption



Canadian egg production at the end of the baseline is projected to be about 11 percent higher than the 1997–2000 average. Growth is stimulated by anticipated strong demand from the agri-food processing industry. In 1990, breaker eggs accounted for about 17 percent of all eggs produced in Canada. In 2000, this share grew to more than 23 percent and is projected to increase to about one third by the end of the baseline period.

This strong demand for breaker eggs can be explained in part by the close link between US and Canadian breaker egg prices. The US breaker egg price is considerably lower than the table egg price in Canada. Following the NAFTA agreement, which does not prescribe prohibitive tariffs on imported products containing less than 50 percent egg products, this measure was implemented to allow Canadian processors who use eggs in their products to be competitive with US processors. The loss in revenue by producers from breaker egg sales is compensated by a levy included in the cost of production and consequently, in the price of table eggs. This levy is projected to increase significantly over the baseline period as the share of breaker eggs increases. Consequently, table egg prices in Canada are projected to be significantly higher compared with breaker egg prices. As a result, the growth in table egg consumption is projected to be moderate over the baseline period.

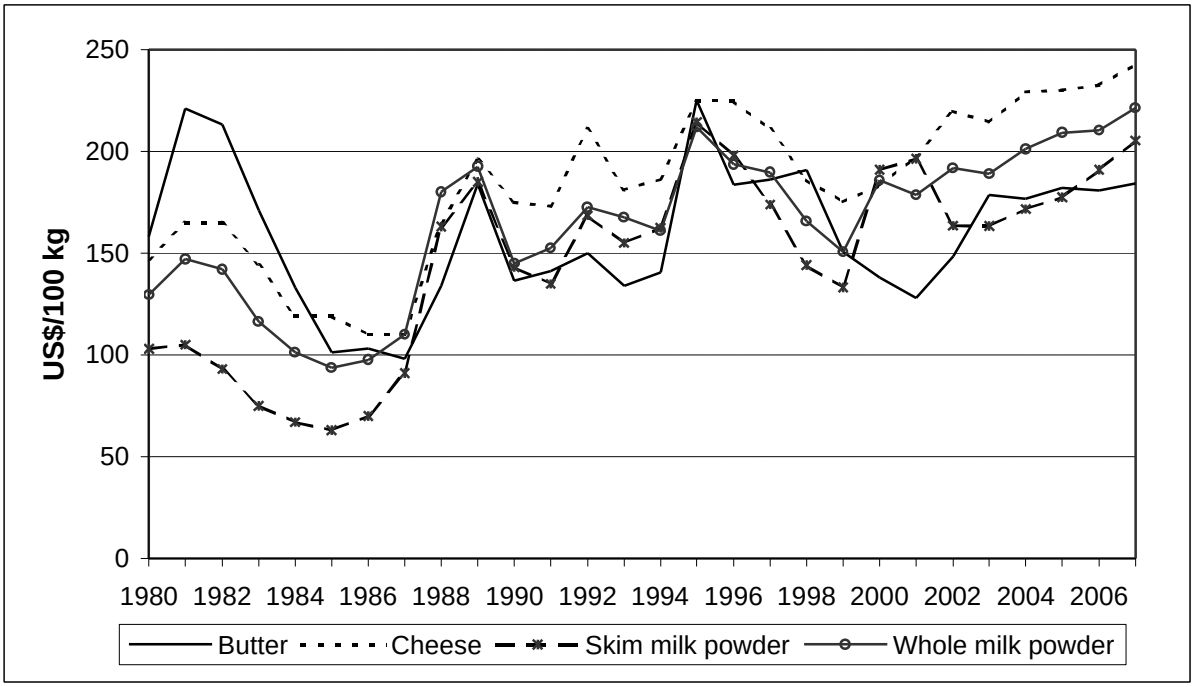
Dairy

International

The international outlook for the dairy sector is characterized by the recovery of prices for most products as a result of strong anticipated demand due to the expected rise in consumer incomes. Economic growth is becoming more broadly based in the OECD countries and is continuing to recover in Asia, Russia and Latin America. This economic growth will stimulate demand for most dairy products and prices should accordingly be above their average 1997–2000 level in 2007 [Figure 23]. However, anticipated irregular demand from Russia, which was the largest butter importer in the non-OECD countries before the rouble was devalued in 1998, should have a major impact on the world

price of butter in the short term. Another important factor is the anticipated increase in the vegetable oil prices, which should contribute to the growth in the demand for butter imports in the medium term. World demand for cheese should remain strong. In the OECD countries, which consumes 80 percent of global cheese production, consumption is rising in all sectors—households, restaurants and processed products.

Figure 23: World price of dairy products



Whey powder production should rise in parallel with cheese and casein production, since whey is a by-product. As a result of environmental pressures restricting discharges to the natural environment, whey supplies should rise, accordingly maintaining prices at relatively low levels, which in turn will stimulate increased whey powder consumption. Skim milk powder (SMP) should be subject to competition from whey powder; however, the prohibition on use of animal meals in livestock feed and fears stemming from mad cow disease could stimulate the world demand for all types of powders (as a feed alternative). Furthermore, world SMP demand should increase in the non-OECD countries because of a projected rise in incomes. All these factors should keep the world SMP price above the 1997/2000 average throughout the baseline period.

A number of countries (particularly Australia, the EU and Japan) have recently decided to change their dairy policies to ensure that their dairy industries are more responsive to market signals and therefore more efficient. Japan decided to replace its price support system with direct payments that should increase the efficiency of the entire dairy industry. However, although Japan it is a net dairy importer, the impacts of this reform on international market will likely be minimal because high protection levels are maintained at the borders, preventing application of world prices.

In the EU from 2005, the reduction in support prices for butter, SMP and milk (15 percent over three years), as provided in the Berlin Agreement, should in the long term result in less intervention on dairy markets in the form of lower subsidies for exports and government stocks. On the other hand, this reduction will still be insufficient to enable the EU to export large volumes of unsubsidized dairy products. According to the baseline, this situation will occur only in the case of SMP in 2007. During

the baseline period, the limits on subsidized dairy product exports will be reduced for the last time in 2000/2001, as specified in the URAA. Beginning in 2002 and until 2007, the limits affecting subsidized exports are deemed to remain at the 2001 level.

In the United States, the extension of the support price program should have little effect on the country's competitive position on export markets in the medium term. As before, equilibrium prices should be maintained above support prices throughout the baseline period.

In Australia, the dairy sector reform of July 1, 2000 should have limited impact. Deregulation has eliminated all measures allowing the industry to get higher revenues from domestic dairy product sales. The repeal of regulations covering fluid milk in every state has significantly cut fresh milk prices, while terminating the Domestic Market Support (DMS) program has cut profits from processed dairy product sales on the domestic market. The most significant impact of this reform has been on the fluid milk price, since it was previously well above the price of milk for processing. As a result, the impacts of the changes in Australian dairy policy on international dairy markets will greatly depend on the level of the previous cross-subsidy.

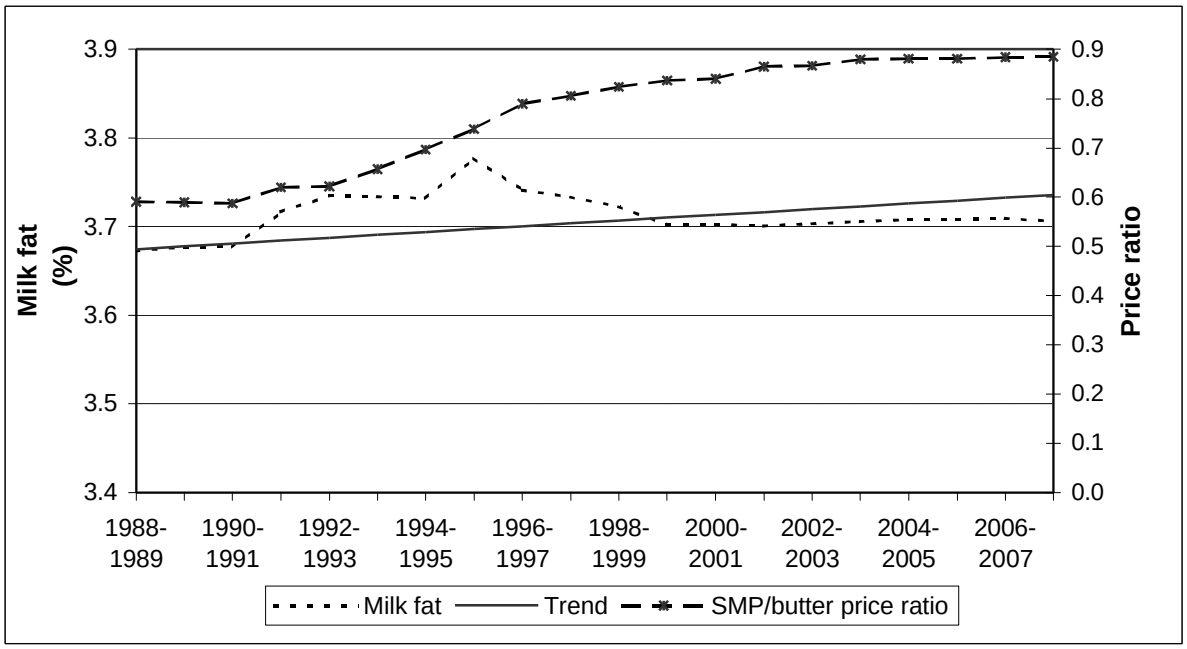
Domestic

Over the last two years, the Canadian dairy industry was affected by major changes in its domestic and trade policies. Following the WTO Panel decision that Canada was exporting subsidized dairy products in excess of permitted limits, changes were made to the special classes 5 (d) and 5(e). Effective August 2000, Class 5(e), which included over-quota milk for export, was eliminated. Since that date, over-quota milk has to be exported through Class 5(d) permits within Canadian WTO export subsidy limits or sold on the domestic market in Class 4(m) at a much lower price than the Class 5(e) price producers were previoulsy getting. Class 4(m) permits are used mainly to sell dairy products for animal feed at a price competitive with soybean meal. Over the baseline period, the SMP volume sold under this class will average 2 kt over the period 2001-2007.

Also following the WTO panel decision and effective August 2000, the federal and provincial governments deregulated so as to allow a market to develop between individual producers and processors for Commercial Export Milk (CEM). This production is voluntary outside government control and is bought and sold by private contract. All the resulting products must be exported. However, the United States and New Zealand initiated a WTO Compliance Panel who agreed that CEM conveys an export subsidy and is therefore to be included within Canadian WTO export subsidy limits. These limits were established in the Uruguay Round negotiations and were subject to reductions of 21 percent and 36 percent in the quantity exported and the aggregate value of the export subsidy respectively over the 1995/96 through 2000/01 period compared to historical levels. Since production quotas are issued on a butterfat basis, the production of solid non fat has always been beyond domestic needs, creating a structural surplus. Consequently, SMP exports have been historically higher than butter exports. Therefore, SMP export limits were fixed at much higher levels than butter.

In the current baseline, we have made the assumption that Canada will win the WTO Compliance Panel July 2001 decision and consequently will continue to export cheese through CEM contracts. However, if Canada is not successful in appealing the WTO Compliance Panel decision, Canadian dairy product exports could drop significantly from 2002 onwards, particularly cheese.

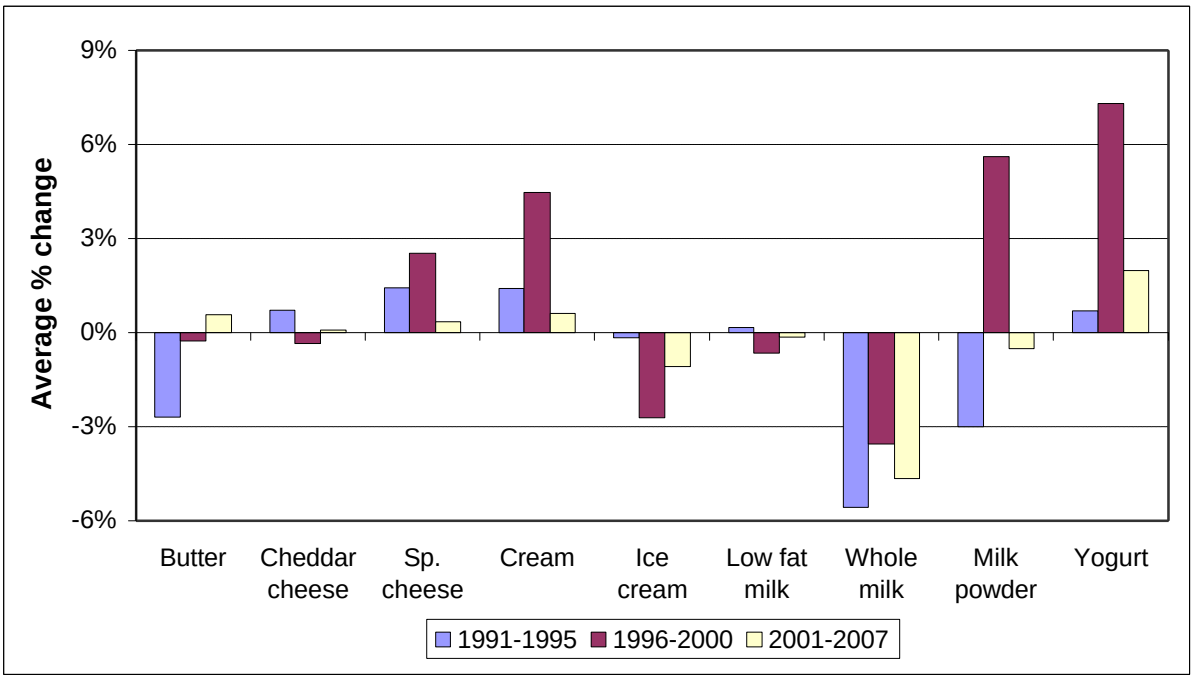
Figure 24: Milk fat in Canada



In the 1990s, following the evolution of Canadians, nutritional habits toward a lower fat diet, it became obvious that without a realignment of the ratio of support prices for butter and SMP, the cross-over effect which would have shifted the quota system to a solid non fat basis, would have been inevitable. Consequently, the authorities have maintained the butter support price at a stable level between 1993 and 1996 to stimulate butterfat demand, otherwise this cross-over effect would have generate a butterfat structural surplus from which only a small part would have been exported. However, following the adjustment of relative prices, producers reduced the butterfat content of their milk, which allows them to produce more milk with the same quota on a butterfat basis. Relative prices have therefore a direct impact on both the milk constituents and the structural surplus of solid non fat, which is not regulated by production quotas.

As feed prices are projected to rise in the medium term, the cost of production is also projected to increase, resulting in a higher gross target return for industrial milk of $61.53 per hectolitre in 2007/2008 compared with $57.84 per hectolitre in 2000/2001. Furthermore, the direct subsidy to milk producers is gradually reduced over the baseline period and will be completely eliminated by the 2002/2003 dairy year. The rise in Canadian support prices will translate into higher cheese prices over the baseline period. Consumption of both specialty cheeses and cheddar should, however, remain high throughout because of a strong demand. Yogurt has recorded the highest per capita consumption growth of all dairy products in recent years—from 1997 to 2000, per capita consumption grew by more than one kilogram [Figure 25]. Over the baseline period, per capita yogurt consumption is projected to average around 5.3 kg, compared with 4.2 kg for the 1997/2000 period, a 13 percent increase.

Figure 25: Percent change in per capita consumption of dairy products

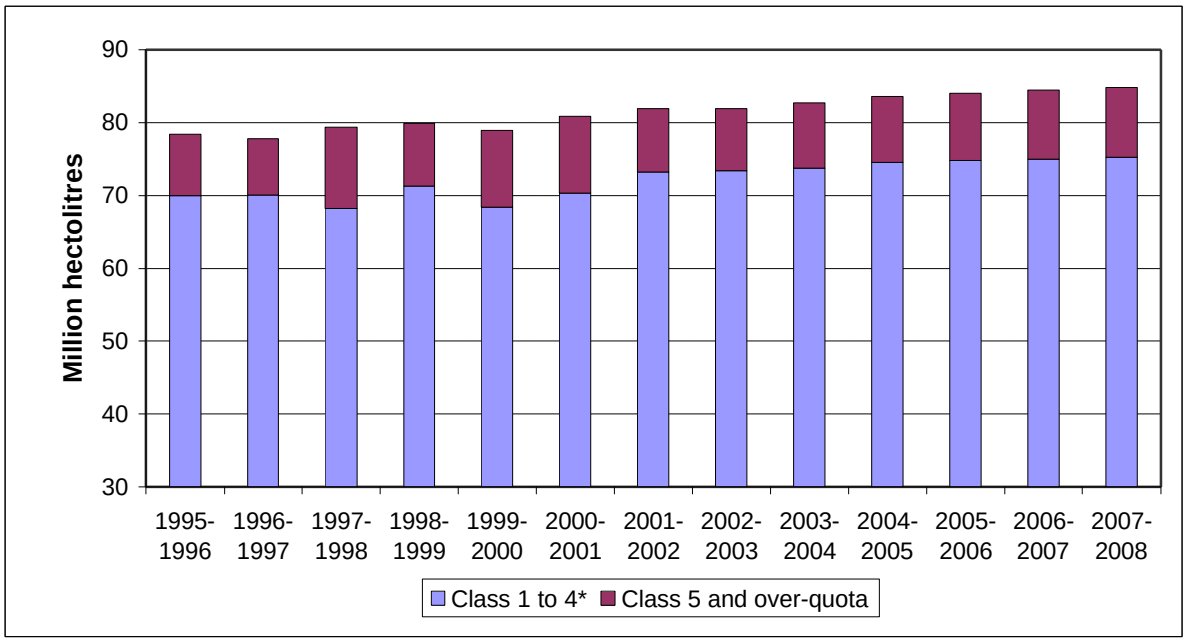


Greater consumption of butter is expected to continue in the medium term because of higher demand from both the retail and processing sectors stimulated, for example, by the anticipated rise in vegetable oil prices. However, SMP, which is a butter by-product, is limited as to permissible subsidized export volumes. Thus, to avoid excessive SMP production, butter exports are assumed to be maintained well below the permitted WTO limit, which is 3,500 tonnes effective 2000/2001. Over the baseline period, it is assumed that Canada will export an average of 0.4 kt of butter compared with 4.4 kt over the 1997/2000 period.

All of these factors contribute to a sustained demand for industrial milk and an increase in the market share quota to about 46.6 million hectolitres for the 2001/2002 dairy year, representing a 2.4 percent increase. This growth will be maintained in the medium term if production under private contracts for export markets is maintained. Growth in export markets should increase in the medium term because of the anticipated recovery in world dairy product prices. A number of producers and processors have signed agreements allowing them to export dairy products without subsidy or government intervention. It should be noted that the United States and New Zealand challenged this private export procedure at the WTO, and won their case. Canada decided to appeal this decision. For the purpose of this baseline, it was assumed that the WTO appellate body decision will be in Canada's favour, which means that exports under private agreements (mainly cheese) will continue throughout the reference period.

Total production of fluid milk should increase only very slightly during the baseline period, since the projected decline in demand for whole milk will partly offset anticipated growth in demand for cream and low-fat milk. Total milk production (industrial and fluid) should therefore increase slowly and reach almost 85 million hectolitres in 2007/2008.

Figure 26: Milk production in Canada



Value of international trade in agri-food products

Overall evolution

Analysis of the overall prospects for development of international trade in agri-food products for the 2001–2007 period indicates that exports will increase by an annual average of about 4.3 percent, equal to the projected growth of the Canadian GDP in current dollars and imports will increase at a rate below exports, rising by an annual average of 3.6 percent. The high level and stronger growth of exports compared with imports will enable the agri-food sector to increase further the trade surplus. Net exports will rise by an average of 6.0 percent per year. In 2007, it is projected that the trade surplus will reach $8.9 billion, up 56 percent from the data observed in 2000.

The rise in exports during the baseline period will be derived mainly from strong exports of such products as oilseed products (6.8 percent), live animals other than poultry (6.3 percent), cereal products (5.0 percent), potatoes and potato products (6.6 percent), and vegetables other than potatoes (7.1 percent).

It should be noted that the performance of grains (the largest export product accounting for 20 percent of the value of the total exports of the sector) will be very modest at 0.4 percent per year, on average. By contrast, grain products will perform above the average for the sector, with 1.9 percent annual average growth. Because of a major drop in prices at the end of the baseline period, the value of red meat exports, with a mere 2.7 percent annual average growth, will not do much better than grains.

The general evolution depends on factors associated with the international economic situation, the Canadian macroeconomic environment and microeconomic conditions specific to each agri-food

sector. Obviously, each factor or set of factors will affect specific products to varying degrees. The following trend analysis for certain products will seek to identify this final aspect.

Grains and grain products

Projections for the value of grain exports indicate a weak rise of 1.9 percent annually, because of supply and demand related factors.

On the one hand, crop acreages will decline for wheat (0.9 percent) and corn (0.9 percent) and will rise only slightly for barley (0.7 percent), resulting in a fairly small production increase. The grain demand will also shift more to the domestic market. The elimination of the WGTA cut feed prices. As a result, the domestic grain consumption as feed, for example, is projected to rise at a rate of 2.5 percent.

The combination of the foregoing factors leads to the following medium-term, projections for the annual growth rate in the value of the exports of principal cereals: corn (-4.7 percent); barley (stable), oats (7.6 percent) and wheat (2.6 percent). For barley, the exports will be stable, with the improved prospects for higher export demand for malting barley offset by the fall in feed barley exports.

The value of grain product exports will increase. Prices will increase only 0.5 percent over the baseline period but quantities will increase 4.5 percent. The higher exports of grain products require the greater use of cereals and therefore lower the availability of the cereals for export.

Oilseeds and oilseed products

The projections of oilseed exports suggest a 6.8 percent annual increase, which is above the average for all agri-food products. By contrast, oilseed product exports will increase by only 2.8 percent.

Oilseed prices will increase 2.5 percent. It is anticipated that production will increase 2.2 percent as a result of larger crop areas and the likelihood of better yields. Thus, the value of oilseed exports is likely to increase as a consequence of the greater availability and the higher prices, at the end of the baseline period.

Live animals and meats

The value of live animal export shipments will increase about 6.3 percent annually, compared with 2.7 percent for red meats, the second most important agri-food export product.

It is projected that hog and cattle marketings in Canada will increase an annual rate of 1.5 percent and 4.8 percent, respectively, over the baseline period. The reasons include the decrease in feed prices and the higher production of livestock resulting from the elimination of the WGTA, and the position of the cattle cycle in 2001 and 2007. Cattle marketings are at their low point in 2001 and will peak in 2007.

For meat, the projected growth of 2.7 percent is low, due essentially to the influence of cyclical factors specific to the sector. The year 2001 represents a herd rebuilding period. Strong demand brings high prices for feeder cattle in the early part of the baseline period, inducing producers to delay the slaughter of females required for breeding purposes. Because of this pattern, the weak growth in

export value is greatly affected by meat prices, which peak in 2001 and bottom out in 2007 for both beef and pork.

A historic milestone is anticipated in 2002, when the value of the red meat industry exports (live animals and meats) will rise above the export value of grains (including grain products). The value of live animal and red meat exports will be $6.59 billion, compared with $6.22 billion for cereals and cereal products.

Vegetables and by-products

The value of vegetable export shipments will increase about 7.1 percent over the baseline period. The export value of Canadian potatoes and potato by-products was $852 million in 2000, representing about 53 percent of the value of fresh and processed vegetables. The value of exports jumped 10 percent in 2000, driven by higher production and a small price increase. Half of the export volume of potatoes and potato by-products is in processed form, mainly French fries; in value terms, this represents 77 percent. The consumption of French fries is rising worldwide. In April 2001, Canada and the United States agreed on a set of conditions permitting potato shipments from Prince Edward Island to the United States. Under a new agreement between Canada and China in April 2000, Canada is the only country in the world authorized to export seed potatoes to China.

Farm input price and consumer price indexes

Farm input price indexes

Given the overall macroeconomic environment and anticipated outputs in the agriculture sector, price changes for materials and services (inputs) used by the sector are expected to be moderate. It is anticipated that farm input prices will increase at an average annual rate of only 0.5 percent during the baseline period. This average, however, masks the situation in 2001 where input price inflation is 3.1 percent, mainly due to the increases in prices for feeder cattle, feed, fertilizer and seed. Over the baseline period, it is projected that there will be a downward trend in annual inflation rates for inputs from 3.1 percent in 2001 to 0.1 percent in 2007, due to lower weaner and feeder cattle prices from 2002 forward.

Over the baseline period, petroleum product prices will remain at high levels comparable with the peak in 2000. However, the observation of the initial months of the industrial petroleum product indexes for the current year suggests a small price drop for 2001 resulting from higher inventories.

Labour-related sectors will have moderate average increases: veterinary care (2.8 percent), machinery repair (2.3 percent), hired farm labour (2.1 percent) and custom work (1.5 percent). These increases are associated with rising costs of labour in the economy at large.

In summary, the production costs in Canada’s agricultural industry may increase over the baseline period. Even though the prices may increase somewhat, the productivity gains will tend to offset in part the higher production costs. If the productivity increases continue as in the past, the production costs may remain stable. Such productivity gains reflect new technology, as well as industry restructuring and rationalization, which have been characteristics of the sector for a long time.

Consumer price indexes

The projections over the baseline period indicate that the aggregate consumer price index (CPI) will increase at an average annual rate of 2.0 percent between 2001 and 2007. Higher growth is projected for non-food products relative to food products (average annual growth of 2.3 percent and 1.5 percent, respectively), over the baseline period. While food consumption continues to increase, the increasing ratio for non-food to food prices indicates that food expenditures will make up a smaller share of total household expenditures by the end of the baseline period. The same result is expected for food consumption outside the home. This index will increase at a faster rate than for meals eaten at home (2.1 percent and 1.2 percent, respectively).

Growth is anticipated to be very slow over the baseline period in the meat sector, since the industry cycle will be in its expansion phase early in the period and will begin to decline in 2006 and 2007. Inflation in this sector will average only 0.2 percent a year between 2001 and 2007. The egg CPI will rise more quickly than meat, posting an annual average of 1.9 percent between 2001 and 2007.

Prices in the dairy sector are projected to increase more than in the meat sector. In the baseline period, the CPI for dairy products is projected to increase at an average annual rate of 3.1 percent between 2001 and 2007.

The CPI for cereal products is expected to increase an average annual rate of 0.9 percent during the baseline period, concentrated mainly in the first year (2000/2001) when it will increase 4.4 percent.

The CPI for fruit is anticipated to increase an average of 2.5 percent a year, owing to a positive outlook for US prices. Growth in the CPI for vegetables occurs in the first year (5.0 percent over the 2000/2001 period), but there will be no growth afterward (average of 0.2 percent over the baseline period). This slowdown results from a slow increase in the vegetable prices in the United States and a decline in the price of potatoes during the baseline period.

The CPI for the other food products will increase at an average annual rate of 1.6 percent over the baseline period. The CPI for sugar is projected to remained relatively stable over the period, with a decline of around 0.7 percent between 2000 and 2004 followed by an increase of 0.4 percent 2004 and 2007. The CPI for fat and oil products will increase on average 1.7 percent between 2001 and 2007. However, the policy baseline projects a 3.4 percent decrease in this index between 2000 and 2001, due to falling world prices for vegetable oils.

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Food and Agricultural Policy Research Institute. “US and World Agricultural Outlook 2001” Ames, Iowa: FAPRI, January 2001.

Organisation for Economic Co-operation and Development. “Agricultural Outlook 1998–2003” March 1998.

Organisation for Economic Co-operation and Development. “Agricultural Outlook” May 2001.

United States Department of Agriculture. “USDA Agricultural Baseline Projections to 2010” Washington: USDA, February 2001.

Appendix A
Comparison of international price projections

The following set of graphic figures highlight prospects for international wheat, corn and soybean prices according to four agencies: AAFC, OECD, USDA and FAPRI.

Projections have been extracted from the following publications:

- Food and Agricultural Policy Research Institute. "US and World Agricultural Outlook 2001" Ames, Iowa: FAPRI, January 2001.
- Organisation for Economic Co-operation and Development. "Agricultural Outlook" OECD, May 2001.
- United States Department of Agriculture. "USDA Agricultural Baseline Projections to 2010" Washington: USDA, February 2001.

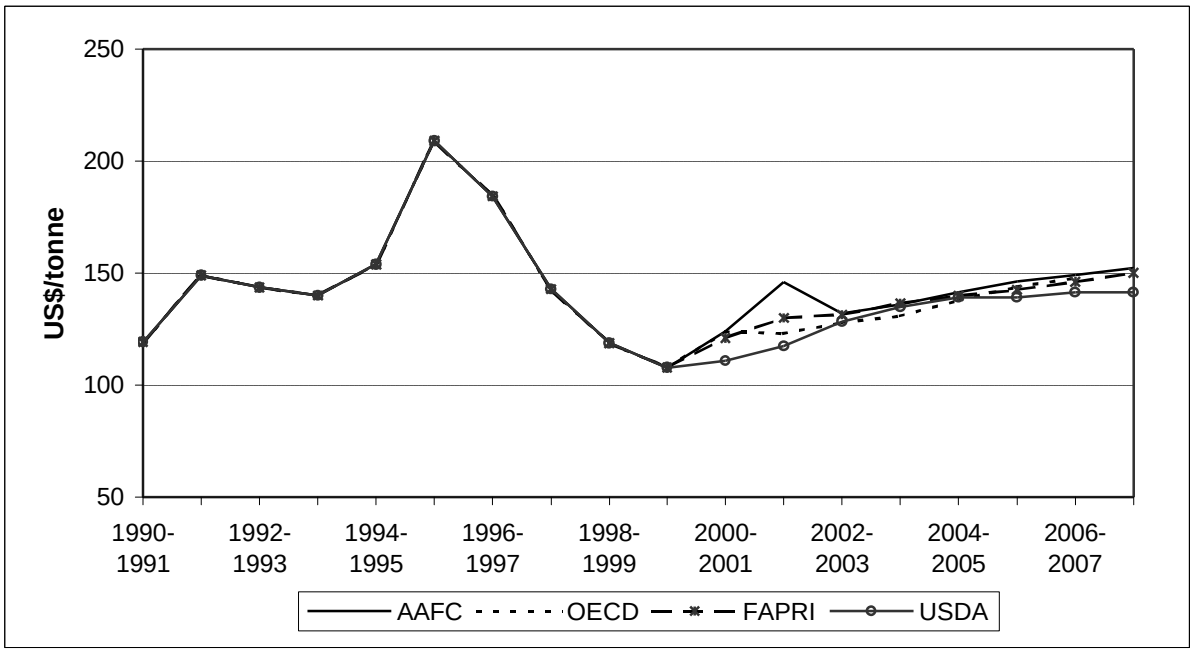
Comparing international price projections across agencies is not straightforward for many reasons. The four agencies made their projections at different times in the year and hence used different information sets. They also report different prices. For most commodities, no one price could be found which was reported by all the agencies. To solve this problem, an indicator price was chosen for each commodity. Agency comparisons were then made by applying the annual percentage changes in their price projections to the 2000 value of the indicator price.

Rising prices (in nominal terms) constitute a common element across the projections for all agencies. The level of prices varies among the agencies. OECD projections are based on submissions by member countries. As a result, they tend to reflect a weighted average of member countries' views of their outlooks.

Three points can be made about the long-term projections:

- Differences between projected price levels mainly reflect a different balance among assumptions used for world supply and demand (e.g. GDP growth rates, EU set-aside area, China's import demand).
- Higher grain and oilseed prices imply higher livestock prices.
- Commodity-specific policies result in lower production, which has a positive influence on world prices.

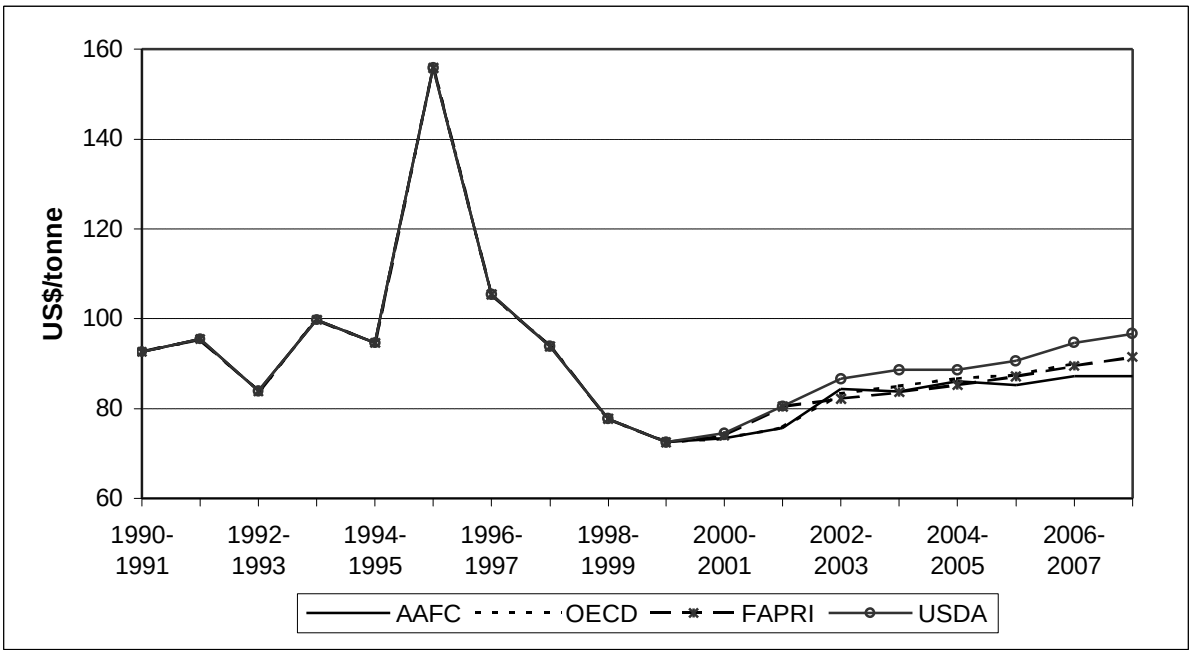
Figure A.1: U.S. wheat price - Gulf



International wheat price comparison

Comparisons were made using the US hard red winter wheat gulf price (US$/t) as the indicator price. The US gulf price was reported by all agencies except the USDA. For the USDA, a gulf price was developed by applying the annual percentage changes of the US farm price to the 2000 value of the US gulf price.

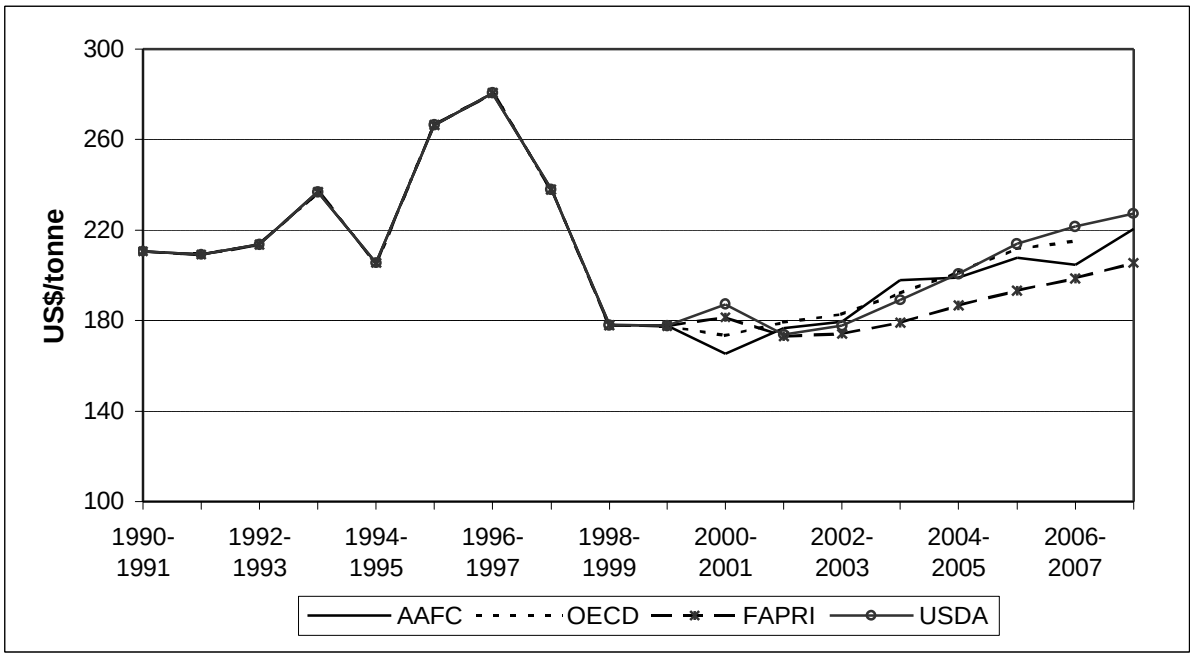
Figure A.2: U.S. corn price - Central Illinois



International corn price comparison

Comparisons were made using the Central Illinois corn price (US$/t) as the indicator price. All agencies except AAFC reported the gulf price rather than the Central Illinois corn price. Projections for these agencies were developed by applying the annual percentage changes of the US gulf price to the 2000 value of the Central Illinois corn price.

Figure A.3: U.S. soybean price - Central Illinois



International soybean price comparison

Comparisons were made using the Central Illinois soybean price (US$/t) as the indicator price. The other agencies reported the gulf and farm prices rather than the Central Illinois soybean price. Projections for these agencies were developed by applying the annual percentage changes of the respective prices to the 2000 value of the Central Illinois soybean price.

Appendix B
Tables

Table B.1: Economic assumptions

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	Growth rate 2001-2007
REAL GDP (Annual percent change)													
Australia	3.87	5.22	4.40	4.20	3.70	3.50	3.00	3.10	3.10	3.00	3.00	4.4	
EU 15	2.52	2.75	2.45	3.37	3.13	3.02	3.04	3.00	3.00	3.00	3.00	2.8	
Japan	1.59	-2.51	0.20	1.91	2.33	2.01	1.89	1.86	1.82	1.84	1.84	0.3	
South Korea	5.01	-6.69	10.66	8.94	5.84	5.64	6.07	5.63	5.61	5.56	5.56	4.5	
Mexico	6.78	4.82	3.65	7.00	5.02	4.82	4.65	4.69	4.82	4.95	3.95	5.6	
Poland	6.84	4.87	4.04	9.59	5.70	5.50	5.30	5.40	5.40	5.40	5.40	6.3	
United States	4.50	4.30	4.20	5.17	2.30	3.60	3.40	3.20	3.00	3.00	3.00	4.5	
Argentina	8.59	3.90	-3.08	2.67	3.10	4.38	4.08	4.12	4.12	4.08	4.08	3.0	
China	8.84	7.77	7.10	8.00	8.25	8.50	8.30	8.20	8.10	8.00	8.00	7.9	
Non-OECD[1]	3.96	1.26	2.83	5.18	4.82	4.70	4.70	4.63	4.66	4.69	4.69	3.3	
CPI (Annual percent change)													
Australia	0.25	0.85	1.47	2.90	2.70	2.50	2.50	2.50	2.50	2.50	2.50	1.4	
EU 15	2.05	1.73	1.20	2.10	2.04	1.74	1.90	1.90	1.90	1.90	1.90	1.8	
Japan	1.71	0.65	-0.33	-0.50	0.00	-0.10	0.20	0.20	0.20	0.20	0.20	0.4	
South Korea	4.44	7.51	0.81	2.50	3.50	2.80	2.89	3.00	3.00	3.00	3.00	3.8	
Mexico	15.93	16.59	9.49	9.30	7.20	5.50	4.50	4.00	3.80	3.50	3.50	12.8	
Poland	14.88	11.58	7.30	9.10	6.10	4.90	3.90	3.50	3.50	3.50	3.50	10.7	
United States	2.34	1.55	2.18	3.36	2.60	2.40	2.40	2.30	2.30	2.30	2.30	2.4	
Argentina	0.79	-1.44	-1.50	0.68	1.97	2.46	2.47	2.48	2.49	2.50	2.50	-0.4	
China	0.78	-1.06	-1.00	2.50	3.00	4.00	4.50	4.75	4.75	4.90	4.90	0.3	
POPULATION (Million)													
World	5808.7	5890.9	5972.6	6054.2	6136.3	6218.3	6299.8	6381.5	6462.5	6543.6	6626.0	5931.6	1.3%
OECD	1098.4	1105.8	1113.6	1119.4	1126.4	1133.3	1140.2	1147.1	1153.5	1160.2	1166.8	1109.3	0.6%
Non-OECD	4710.2	4785.1	4859.0	4934.8	5009.9	5085.0	5159.7	5234.4	5308.9	5383.4	5459.2	4822.3	1.4%
EXCHANGE RATE													
Australia - A$/US$	1.35	1.59	1.55	1.72	1.74	1.62	1.54	1.50	1.46	1.40	1.36	1.6	-4.0%
EU 15 - Euro/US$	0.88	0.89	0.94	1.08	1.05	1.02	1.02	1.01	1.01	1.00	1.00	0.9	-0.8%
Japan - ¥/US$	121.00	130.89	113.89	107.55	108.80	108.80	106.34	103.82	101.38	99.02	100.00	118.3	-1.4%
South Korea - Won/US$	950.51	1400.48	1186.71	1122.65	1137.40	1137.40	1135.45	1133.89	1132.59	1131.41	1130.23	1165.1	-0.1%
Mexico - NM$/US$	7.92	9.15	9.55	9.47	9.57	9.57	9.80	9.99	10.17	10.33	10.48	9.0	1.5%
New Zealand - NZ$/US$	1.51	1.87	1.89	2.20	2.27	1.94	1.86	1.90	1.90	1.90	1.90	1.9	-3.0%
Poland - ZI/US$	3.28	3.49	3.96	4.32	4.42	4.46	4.49	4.50	4.53	4.55	4.57	3.8	0.6%
China - Yuan/US$	8.29	8.28	8.29	8.29	8.64	8.90	9.22	9.56	9.92	10.30	10.69	8.3	3.6%

Source: OECD - Agricultural Outlook (Except 2007)

Note: 1. Excluding China, Argentina and the Republics of the former Soviet Union.

Table B.2: Main policy asssumptions for cereal and oilseed markets

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
EU15														
Cereal support price[1] (Euro/t)	119.2	119.2	119.2	110.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	117.0	-13.4%	0.0%
Cereal compensation[2,3] (Euro/t)	54.3	54.3	54.3	58.7	63.0	63.0	63.0	63.0	63.0	63.0	63.0	55.4	13.7%	0.0%
Set-aside rate[8] (%)	8.7	9.1	13.1	13.4	13.9	14.0	14.1	14.1	14.1	14.2	14.3	11.1	29.0%	0.5%
Set-aside payment[3] (Euro/t)	68.8	68.8	68.8	58.7	63.0	63.0	63.0	63.0	63.0	63.0	63.0	68.8	-8.4%	0.0%
Subsidised export limits[4] (mt)														
wheat	18.0	16.8	15.6	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	16.2	-11.1%	0.0%
coarse grains	12.6	12.0	11.0	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	11.5	-9.2%	0.0%
Oilseed compensation [2,6] (Euro/t)	94	94	94	82	72	63	63	63	63	63	63	94.0	-33.0%	-2.2%
UNITED STATES														
Wheat loan rate (US$/t)	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	0.0%	0.0%
Maize loan rate (US$/t)	74.4	74.4	74.4	74.4	74.4	74.4	74.4	74.4	74.4	74.4	74.4	74.4	0.0%	0.0%
Soybeans loan rate[7] (US$/t)	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	0.0%	0.0%
CRP areas (Mha)														
wheat	3.7	3.8	4.0	4.4	4.5	4.6	4.7	4.7	4.7	4.7	4.7	3.8	22.6%	2.7%
coarse grains[5]	2.7	2.6	2.7	3	3.1	3.1	3.1	3.1	3.1	3.1	3.1	2.7	16.3%	2.3%
soybeans	1.5	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.4	-4.9%	0.0%
CHINA														
Wheat procurement price (Yuan/t)	1217.0	1216.8	1259.7	1310.4	1376.5	1447.3	1531.2	1620.0	1700.8	1766.3	1834.3	1251.0	46.6%	4.9%
Coarse grains procurement price (Yuan/t)	995.4	1035.3	1076.8	1125.9	1188.2	1260.4	1340.1	1425.0	1500.2	1558.1	1618.2	1058.3	52.9%	5.3%
JAPAN														
Tariffs[4]														
rapeseed oil ("000¥/t)	14.0	12.9	11.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	12.4	-12.3%	0.0%
soybean oil ("000¥/t)	14.0	12.9	11.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	12.4	-12.3%	0.0%

Historical data source: OECD - Agricultural Outlook

Notes: 1. Common intervention price for soft wheat, barley, maize, rye and sorghum.
2. Compensatory area payments.
3. Actual payments made per hectare based on program yields.
4. Year beginning April 1.
5. Includes barley, maize, oats and sorghum.
6. Payments made per hectare based on cereal regional yields.
7. For non recourse commodity loans.
8. Compulsory and voluntary.

Table B.3: Main policy asssumptions for livestock markets

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
MEAT														
EU15														
Beef support price[1,2] (Euro/kg dw)	2.8	2.8	2.8	2.6	2.4	2.2	2.2	2.2	2.2	2.2	2.2	2.7	-18.6%	-1.3%
Male bovine premium[3] (Euro/head)	152.1	152.1	152.1	178.0	203.0	229.0	229.0	229.0	229.0	229.0	229.0	158.6	44.4%	2.0%
Adult bovine slaughter premium[4] (Euro/head)	0.0	0.0	0.0	48.5	74.5	101.5	101.5	101.5	101.5	101.5	101.5	12.1	-----	5.3%
Calf slaughter premium (Euro/head)	0.0	0.0	0.0	17.0	33.0	50.0	50.0	50.0	50.0	50.0	50.0	4.3	-----	7.2%
Suckler cow premium (Euro/head)	145.0	145.0	145.0	163.0	182.0	200.0	200.0	200.0	200.0	200.0	200.0	149.5	33.8%	1.6%
Subsidised export limits[2] (kt cwe)														
pig meat[5]	503.0	483.0	463.0	444.0	444.0	444.0	444.0	444.0	444.0	444.0	444.0	483.0	-8.1%	0.0%
beef[5]	1011.0	948.0	884.9	837.5	821.7	821.7	821.7	821.7	821.7	821.7	821.7	920.4	-10.7%	0.0%
poultry meat	375.0	345.0	316.0	286.0	286.0	286.0	286.0	286.0	286.0	286.0	286.0	345.3	-17.2%	0.0%
JAPAN[6]														
Beef tariff[18] (%)	44.3	42.3	40.4	38.5	38.5	38.5	38.5	38.5	38.5	38.5	38.5	41.4	-6.9%	0.0%
Pig meat import system														
tariff (%)	4.8	4.5	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.5	-4.4%	0.0%
standard import price[19] (¥/kg dw)	466.0	442.5	432.5	425.0	425.0	425.0	425.0	425.0	425.0	425.0	425.0	441.5	-3.7%	0.0%
Poultry meat tariff[7] (%)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	0.0%	0.0%
SOUTH KOREA														
Beef tariff (%)	42.8	42.4	42.0	41.6	41.2	40.8	40.4	40.0	40.0	40.0	40.0	42.2	-5.2%	-0.5%
Beef mark-up (%)	40.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.5	-100.0%	-----
Pig meat tariff (%)	33.4	32.2	31.0	29.8	27.9	26.1	25.2	25.0	25.0	25.0	25.0	31.6	-20.9%	-1.8%
MEXICO[8]														
Pig meat tariff-quota (kt pw)	76.0	79.0	81.0	84	87.0	90.0	94.0	94.0	94.0	94.0	94.0	78.7	19.5%	1.9%
in-quota tariff (%)	12.0	10.0	8.0	6.0	4.0	2.0	0.0	0.0	0.0	0.0	0.0	9.0	-100.0%	-100.0%
Poultry meat tariff-quota (kt pw)	104.0	107.0	110.0	113	116.0	120.0	123.0	123.0	123.0	123.0	123.0	107.0	15.0%	1.4%
UNITED STATES														
Beef tariff-quota[9] (kt pw)	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	0.0%	0.0%
over-quota tariff (%)	28.8	28.0	27.2	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	28.0	-5.7%	0.0%
CHINA														
Pig meat tariff (%)	64.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	31.0	-35.5%	0.0%

Historical data source: OECD - Agricultural Outlook

Notes:
1. *Price for R3 grade male cattle.*
2. *Year beginning July 1.*
3. *Weighted average of bull and steer payments.*
4. *Includes national envelopes for beef.*
5. *Includes live trade.*
6. *Year beginning April 1.*
7. *Boneless chicken meat applied rate.*
8. *Tariff-quotas are NAFTA agreements for US and Canadian pig meat and US poultry meat.*
9. *Non-NAFTA suppliers.*
10. *Total quota.*
11. *Year ending June 30.*
12. *Manufacturin `*
13. *Paid to producers.*
14. *Difference between transaction price and guaranteed price until 2000, new direct payment since 2001*
15. *Excludes processed cheese.*
16. *Year beginning January 1.*
17. *Whole milk equivalent.*
18. *Emergency import procedures for frozen beef triggered from August 1995 and again from August 1, 1996.*
19. *Pig carcass imports. Emergency import procedures triggered from November 1995 to March 1996 and from July 1996 to June 1997.*

Table B.3: Main policy asssumptions for livestock markets (continued)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
DAIRY														
EU15[b]														
Milk quota[10] (mt pw)	117	117	117	118	119	119	119	119	119	120	120	117.0	2.6%	0.3%
Milk target price (Euro/litre)	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.31	0.29	0.27	0.32	-13.8%	-2.4%
Butter intervention price (Euro/t)	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3200.0	3036.0	2800.0	3282.0	-14.7%	-2.6%
SMP intervention price (Euro/t)	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2003.8	1901.2	1750.0	2055.2	-14.9%	-2.6%
Subsidised export limits[11] (kt pw)														
butter	452.3	434.8	417.0	403.5	399.0	399.0	399.0	399.0	399.0	399.0	399.0	426.9	-6.5%	0.0%
cheese	384.0	363.0	342.0	326.3	321.0	321.0	321.0	321.0	321.0	321.0	321.0	353.8	-9.3%	0.0%
SMP	310.3	297.8	285.3	276.0	273.0	273.0	273.0	273.0	273.0	273.0	273.0	292.3	-6.6%	0.0%
other milk products	1094.5	1049.0	1003.6	969.5	958.1	958.1	958.1	958.1	958.1	958.1	958.0	1029.1	-6.9%	0.0%
JAPAN[b]														
Milk guaranteed price[12] (¥/litre)	76.5	76.1	75.6	74.3	…	…	…	…	…	…	…	75.6		
standard transaction price[13] (¥/litre)	65.3	64.9	64.4	63.1	…	…	…	…	…	…	…	64.4		
deficiency payment[14] (¥/litre)	11.2	11.2	11.1	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	11.0	-3.8%	0.0%
Cheese tariff[15] (%)	32.4	31.5	30.7	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.1	-4.2%	0.0%
Tariff-quotas (kt pw)														
SMP	93	93	93	93	93	93	93	93	93	93	93	93.0	0.0%	0.0%
designated products[17]	137	137	137	137	137	137	137	137	137	137	137	137.0	0.0%	0.0%
other products[17]	128	130	132	134	134	134	134	134	134	134	134	130.0	3.1%	0.0%
MEXICO[2]														
Tariff-quotas (kt pw)														
milk powders	124	125	126	128	129	131	132	134	134	134	134	125.0	7.2%	0.8%
of which NAFTA	43.7	45.0	46.4	47.8	49.2	50.7	52.2	52.2	52.2	52.2	52.2	45.0	15.9%	1.5%
UNITED STATES[16]														
Milk support price[12] (USc/litre)	23.2	22.8	22.5	22.5	22.5	0	0	0	0	0	0	22.8	-100.0%	-100.0%
Butter support price (US$/t)	1411	1391	1433	1433	1433	0	0	0	0	0	0	1411.7	-100.0%	-100.0%
SMP support price (US$/t)	2297	2264	2229	2227	2227	0	0	0	0	0	0	2263.3	-100.0%	-100.0%
Cheese tariff-quota (kt pw)	124	128	132	136	136	136	136	136	136	136	136	128.0	6.3%	0.0%
Subsidised export limits[11]														
butter (kt pw)	34	30	25	21	21	21	21	21	21	21	21	29.7	-29.2%	0.0%
SMP (kt pw)	92	84	76	68	68	68	68	68	68	68	68	84.0	-19.0%	0.0%

Historical data source: OECD - Agricultural Outlook

Notes:
1. *Price for R3 grade male cattle.*
2. *Year beginning July 1.*
3. *Weighted average of bull and steer payments.*
4. *Includes national envelopes for beef.*
5. *Includes live trade.*
6. *Year beginning April 1.*
7. *Boneless chicken meat applied rate.*
8. *Tariff-quotas are NAFTA agreements for US and Canadian pig meat and US poultry meat.*
9. *Non-NAFTA suppliers.*
10. *Total quota.*
11. *Year ending June 30.*
12. *Manufacturin`*
13. *Paid to producers.*
14. *Difference between transaction price and guaranteed price until 2000, new direct payment since 2001*
15. *Excludes processed cheese.*
16. *Year beginning January 1.*
17. *Whole milk equivalent.*
18. *Emergency import procedures for frozen beef triggered from August 1995 and again from August 1, 1996.*
19. *Pig carcass imports. Emergency import procedures triggered from November 1995 to March 1996 and from July 1996 to June 1997.*

Table B.4: International wheat market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Wheat Supply-Disposition (Mt)[1]														
Area harvested (Mha)	228.8	225.5	217.1	213.8	217.5	226.7	226.0	224.0	225.4	226.7	227.7	221.3	2.9%	0.8%
Yield (t/ha)	2.66	2.60	2.68	2.70	2.64	2.73	2.75	2.80	2.83	2.84	2.85	2.66	7.3%	1.3%
Production	608.4	587.3	582.4	576.6	575.1	619.4	621.6	626.3	637.8	644.9	649.9	588.7	10.4%	2.1%
Disappearance	582.9	587.7	594.6	588.1	589.4	610.8	615.2	626.7	635.9	643.5	650.2	588.3	10.5%	1.7%
of which feed	99.1	103.5	99.4	94.9	93.1	100.8	100.6	102.5	102.8	103.4	103.3	99.2	4.1%	1.7%
Ending Stocks[5]	135.9	135.4	123.2	111.7	97.5	106.1	112.5	112.2	114.1	115.5	115.1	126.6	-9.0%	2.8%
Stocks-to-Use Ratio	0.23	0.23	0.21	0.19	0.17	0.17	0.18	0.18	0.18	0.18	0.18	0.22	-17.7%	1.1%
Wheat Price, 1HRW, US Gulf (US$/t)	142.9	118.8	107.9	123.9	146.1	132.0	136.2	141.5	146.4	149.3	152.2	123.4	23.4%	0.7%
Wheat Price, 1HAD, Minneapolis (US$/t)	219.5	149.1	155.3	143.9	169.7	153.4	158.1	164.4	170.0	173.4	176.8	167.0	5.9%	0.7%
PPI of flour, USA (1982=100)	120.0	116.0	114.1	115.8	115.4	112.7	111.8	112.2	113.3	114.6	115.9	116.5	-0.5%	0.1%
PPI of bakery & pasta products, USA (1982=100)[6]	173.9	175.8	178.0	182.4	187.0	190.2	193.2	197.1	201.6	206.4	211.3	177.5	19.1%	2.1%
Major Net Exporters (Mt)[2]														
Argentina	10.2	6.9	10.6	11.0	11.9	12.4	12.1	12.1	12.2	12.6	13.7	9.7	41.6%	2.3%
Australia	15.7	16.4	17.5	18.9	20.0	19.6	19.9	19.7	19.1	19.0	18.5	17.1	8.1%	-1.3%
Canada	19.9	14.6	18.3	17.2	15.5	17.3	18.2	17.7	17.7	17.4	18.0	17.5	2.9%	2.6%
European Union	11.1	12.0	13.6	12.0	15.0	20.5	19.7	22.7	21.1	19.4	18.0	12.2	47.4%	3.1%
United States	25.7	25.6	27.1	28.2	24.7	25.1	28.2	28.1	30.9	32.7	34.4	26.7	28.9%	5.6%
Canada's Trade Share (%)	24.1	19.4	21.0	19.7	17.8	18.3	18.5	17.6	17.5	17.2	17.6	21.1	-16.5%	-0.2%
Major Net Importers (Mt)[3]														
China	0.8	0.3	0.5	1.3	1.2	2.4	3.4	3.0	2.3	2.1	2.0	0.7	186.1%	9.0%
Japan	6.0	5.7	5.6	5.6	5.5	5.6	5.6	5.6	5.6	5.7	5.7	5.7	-1.3%	0.3%
South Korea	4.2	4.3	3.3	4.8	3.4	4.3	4.1	4.4	4.4	4.3	3.8	4.1	-9.5%	1.9%
Rest of World[4]	69.5	68.4	76.1	71.9	77.7	86.2	88.2	90.8	91.7	92.5	94.4	71.4	32.1%	3.3%

Historical data sources: Statistics Canada - Cereals and Oilseeds Review; OECD - Agricultural Outlook

Notes: 1. Data reported on geographical crop year basis.
2. Net exports are defined as exports minus imports.
3. Net imports are defined as imports minus exports.
4. World minus OECD, former Soviet Union, Argentina and China.
5. Revised stock for China not included.
6. Calendar year basis.

Table B.5: International coarse grain market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Coarse Grains Supply-Disposition (Mt)[1]														
Area harvested (Mha)	311.9	306.5	300.6	304.7	314.4	311.7	314.7	314.4	316.1	316.4	318.6	305.9	4.1%	0.2%
Yield (t/ha)	2.85	2.91	2.91	2.79	2.84	2.90	2.98	3.02	3.06	3.09	3.13	2.87	9.3%	1.7%
Production	888.6	892.7	875.7	851.4	892.1	905.0	937.3	950.0	966.2	977.8	998.1	877.1	13.8%	1.9%
Disappearance	879.4	868.1	885.2	870.7	901.2	912.2	934.5	946.7	964.5	978.5	998.4	875.9	14.0%	1.7%
of which feed	584.4	572.3	585.8	575.4	600.1	608.7	629.6	639.7	656.3	666.5	681.5	579.5	17.6%	2.1%
Ending Stocks[5]	154.0	178.5	169.0	149.6	140.5	133.3	136.1	139.4	141.2	140.5	140.2	162.8	-13.9%	0.0%
Stocks-to-Use Ratio	0.18	0.21	0.19	0.17	0.16	0.15	0.15	0.15	0.15	0.14	0.14	0.19	-24.4%	-1.7%
Corn, No. 2 Yellow, Central Illinois (US$/t)	93.8	77.8	72.5	73.4	75.7	84.4	83.9	86.1	85.3	87.3	87.2	79.4	9.9%	2.4%
Barley, No. 2 feed, Portland (US$/t)	114.4	89.9	97.0	103.8	108.5	114.5	114.9	117.3	117.9	119.8	119.6	101.3	18.1%	1.6%
Major Net Exporters (Mt)[2]														
Argentina	15.4	8.6	11.4	9.7	10.1	10.2	10.9	11.3	12.0	12.4	12.7	11.3	12.7%	3.9%
Australia	3.8	5.5	4.1	4.3	3.8	4.5	4.7	4.8	5.2	5.1	5.2	4.4	16.0%	5.2%
Canada	2.9	3.2	3.2	2.3	2.2	3.0	3.7	3.2	3.1	3.0	3.2	2.9	9.4%	6.4%
European Union	6.9	11.2	17.5	11.7	9.7	9.6	11.1	11.0	10.5	10.0	10.1	11.8	-14.5%	0.7%
United States	42.7	53.2	53.7	62.2	70.4	65.9	65.4	69.2	69.9	71.6	73.1	52.9	38.2%	0.6%
Canada's Trade Share (%)	4.1	3.9	3.5	2.5	2.3	3.2	3.8	3.2	3.1	2.9	3.0	3.5	-13.6%	5.0%
Major Net Importers (Mt)[3]														
China	-4.6	-0.7	-7.4	-1.0	2.6	3.0	3.2	3.3	4.3	5.0	5.4	-3.4	-258.2%	13.4%
Japan	21.8	22.0	21.9	21.3	21.4	21.8	21.7	21.9	21.8	22.0	21.9	21.8	0.5%	0.3%
South Korea	7.5	7.5	7.9	8.1	8.6	8.6	8.6	8.5	8.4	8.6	8.8	7.7	14.1%	0.5%
Mexico	4.9	8.5	10.4	10.4	9.7	10.6	10.4	11.5	12.6	12.3	12.1	8.5	41.3%	3.7%
Rest of World[4]	44.6	45.9	56.9	51.7	54.8	49.6	51.2	53.7	53.1	54.8	57.3	49.8	15.1%	0.7%

Historical data sources: Statistics Canada - Cereals and Oilseeds Review; OECD - Agricultural Outlook

Notes: 1. Coarse Grains consists of: corn, barley, sorghum, oats, rye, mixed grains and millet. Data reported on geographical crop year basis.

2. Net exports are defined as exports minus imports

3. Net imports are defined as imports minus exports.

4. World minus OECD, former Soviet Union, Argentina and China.

5. Revised stock for China not included.

Table B.6: International oilseed market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Oilseeds Supply-Disposition (Mt)[1]														
Area harvested (Mha)	112.0	118.5	123.1	124.3	122.4	122.4	122.1	124.5	125.0	126.3	125.6	119.5	5.2%	0.4%
Yield (t/ha)	1.91	1.88	1.85	1.87	1.91	1.94	1.96	1.99	2.01	2.04	2.07	1.88	10.5%	1.4%
Production	214.3	222.8	227.3	232.2	233.8	237.2	239.7	247.6	251.7	257.3	260.6	224.2	16.3%	1.8%
Disappearance	210.4	219.0	225.6	230.8	233.7	237.3	242.1	248.7	252.7	257.2	261.6	221.4	18.1%	1.9%
of which crush	181.0	190.0	196.2	196.0	198.3	202.9	207.0	212.5	216.5	220.0	224.0	190.8	17.4%	2.1%
Ending Stocks	14.3	18.1	19.9	21.3	21.3	21.2	18.7	17.7	16.7	16.7	15.7	18.4	-14.7%	-5.0%
Stocks-to-Use Ratio	0.07	0.08	0.09	0.09	0.09	0.09	0.08	0.07	0.07	0.06	0.06	0.08	-27.5%	-6.7%
Soybean Price, Central Illinois (US$/t)	237.9	178.0	177.6	165.4	176.5	179.4	197.8	199.0	207.8	204.5	220.6	189.7	16.3%	3.8%
Major Net Exporters (Mt)[2]														
Argentina	3.1	4.2	4.2	5.6	4.8	4.5	5.2	4.9	4.9	4.9	5.0	4.3	16.2%	0.5%
Australia	0.5	1.3	1.9	1.2	1.0	1.2	1.2	1.4	1.5	1.6	1.5	1.2	20.2%	6.6%
Canada	3.4	4.4	4.3	4.7	3.4	3.9	4.4	4.8	4.8	5.1	5.0	4.2	18.0%	6.7%
United States	23.6	21.9	26.3	21.9	26.7	27.6	28.5	27.2	27.3	26.2	27.3	23.4	16.6%	0.4%
Rest of World[4]	2.9	4.5	6.0	7.4	6.9	7.7	7.5	9.8	8.6	8.7	6.8	5.2	31.2%	-0.3%
Major Net Importers (Mt)[3]														
China	3.1	5.8	13.6	11.6	11.4	12.4	12.9	13.7	14.1	14.2	14.9	8.5	75.3%	4.6%
Japan	7.2	6.9	7.1	7.2	7.1	7.3	7.3	7.4	7.5	7.5	7.5	7.1	5.3%	1.0%
European Union	18.4	18.5	16.9	17.5	18.7	19.9	20.3	21.0	19.3	17.9	15.9	17.8	-10.7%	-2.6%
South Korea	1.4	1.4	1.8	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.6	15.3%	0.0%
Mexico	4.2	4.3	5.0	4.8	5.1	5.3	5.6	5.9	6.2	6.5	6.9	4.6	50.4%	5.0%

Historical data sources: Statistics Canada - Cereals and Oilseeds Review; OECD - Agricultural Outlook

Notes: 1. Oilseeds consist of: soybean, rapeseed/canola and sunflower seed. Data reported on geographical crop year basis.

2. Net exports are defined as exports minus imports

3. Net imports are defined as imports minus exports.

4. World minus OECD, former Soviet Union, Argentina and China.

Table B.7: International vegetable oil market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Vegetable Oil Supply-Disposition (Mt)[1]														
Crush	181.0	190.0	196.2	196.0	198.3	202.9	207.0	212.5	216.5	220.0	224.0	190.8	17.4%	2.1%
Yield (t oil/t seed)	0.240	0.241	0.242	0.237	0.236	0.236	0.236	0.235	0.236	0.236	0.235	0.24	-1.9%	0.0%
Production of oilseed oils	43.4	45.7	47.5	46.5	46.8	47.8	48.8	50.0	51.1	51.8	52.7	45.8	15.1%	2.0%
Production of palm oil	17.0	19.2	21.1	22.4	24.3	25.1	25.7	26.7	28.0	28.5	29.1	19.9	46.1%	3.0%
Disappearance	60.6	63.9	67.8	68.5	70.9	73.2	74.5	76.7	79.0	79.8	82.2	65.2	26.1%	2.5%
Ending Stocks	6.1	7.2	7.9	8.3	8.5	8.2	8.1	8.1	8.2	8.7	8.3	7.3	13.4%	-0.3%
Stocks-to-Use Ratio	0.10	0.11	0.12	0.12	0.12	0.11	0.11	0.11	0.10	0.11	0.10	0.11	-9.7%	-2.7%
Soyoil Price, Decatur (US$/t)	569.6	438.2	343.7	317.3	350.1	393.7	440.6	467.6	506.8	479.1	512.0	417.2	22.7%	6.5%
Major Net Exporters (Mt)[2]														
Argentina	4.2	4.6	4.5	4.0	3.6	3.8	4.0	4.2	4.3	4.3	4.4	4.4	1.5%	3.4%
United States	1.3	0.9	0.3	0.5	0.7	0.9	1.1	1.2	1.3	1.0	1.1	0.8	40.2%	7.4%
Rest of World[4]	-0.4	-1.3	-1.3	-0.4	1.8	1.9	1.8	2.2	2.1	1.2	1.5	-0.9	-279.3%	-2.4%
Major Net Importers (Mt)[3]														
China	3.2	2.3	1.7	1.6	3.0	3.3	3.4	4.0	4.0	1.8	2.6	2.2	17.2%	-2.7%
Japan	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.4	0.3	0.3	4.0%	-0.6%
European Union	0.1	0.3	0.7	1.1	0.9	1.0	1.2	1.4	1.5	2.2	2.2	0.5	327.5%	15.7%
South Korea	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2	19.8%	3.0%
Mexico	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.7	0.6	0.5	20.3%	2.4%

Historical data source: OECD - Agricultural Outlook

Notes: 1. Vegetable oils consist of: soybean, rapeseed/canola,sunflower and palm oil. Data reported on geographical crop year basis.

2. Net exports are defined as exports minus imports

3. Net imports are defined as imports minus exports.

4. World minus OECD, former Soviet Union, Argentina and China.

Table B.8: International oilseed meal market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Oilseed Meal Supply-Disposition (Mt)[1]														
Crush	181.0	190.0	196.2	196.0	198.3	202.9	207.0	212.5	216.5	220.0	224.0	190.8	17.4%	2.1%
Yield (t meal/t seed)	0.724	0.718	0.715	0.724	0.725	0.724	0.724	0.724	0.723	0.723	0.723	0.72	0.4%	0.0%
Production	131.1	136.4	140.4	142.0	143.7	147.0	150.0	153.8	156.6	159.1	162.0	137.5	17.9%	2.0%
Disappearance	130.1	136.5	140.3	142.0	143.8	146.8	150.2	153.7	156.6	158.8	162.0	137.2	18.0%	2.0%
Ending Stocks	5.5	5.4	5.5	5.5	5.4	5.6	5.4	5.4	5.5	5.8	5.8	5.5	6.2%	1.3%
Stocks-to-Use Ratio	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.04	0.04	0.04	-10.2%	-0.7%
Soymeal Price, Decatur (US$/t)	204.2	152.7	184.9	176.6	194.7	188.9	194.7	193.5	191.0	197.4	200.7	179.6	11.7%	0.5%
Major Net Exporters (Mt)[2]														
Argentina	14.2	14.5	14.4	15.6	15.9	16.1	16.3	16.6	16.8	16.9	17.2	14.6	17.8%	1.4%
United States	7.2	5.3	5.2	3.7	4.8	5.8	6.0	6.4	6.5	7.2	7.0	5.4	30.4%	6.3%
Rest of World[4]	1.6	4.2	3.6	3.6	3.0	2.0	1.4	0.6	0.6	0.1	0.6	3.2	-80.8%	-23.1%
Major Net Importers (Mt)[3]														
Japan	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.9	-18.9%	-3.6%
European Union	14.4	17.9	18.4	17.6	16.4	17.0	16.2	16.6	17.0	17.1	17.2	17.1	0.8%	0.8%
South Korea	1.8	1.5	1.7	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.2	1.7	28.8%	2.3%
Mexico	0.1	0.1	0.2	0.4	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.2	-51.3%	-14.1%

Historical data source: OECD - Agricultural Outlook

Notes: 1. Oilseeds consist of: soybean, rapeseed/canola and sunflower seed. Data reported on geographical crop year basis.

2. Net exports are defined as exports minus imports

3. Net imports are defined as imports minus exports.

4. World minus OECD, former Soviet Union, Argentina and China.

Table B.9: International beef market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Pacific Beef Market Supply-Disposition (kt)[1]														
Production	17712.6	17922.7	18259.3	18651.3	18168.1	18322.9	18392.2	18516.2	18737.7	18965.5	19448.5	18136.5	7.2%	1.1%
Disappearance	17195.1	17528.8	17935.9	18007.7	17602.5	17711.6	17778.8	17929.0	18168.7	18413.6	18916.6	17666.9	7.1%	1.2%
Exports - incl. live	3766.4	3891.2	4050.4	4498.1	4517.8	4561.4	4714.5	4902.0	5036.5	4995.0	5101.3	4051.5	25.9%	2.0%
Imports - incl. live	3332.4	3463.8	3751.1	3863.8	3930.7	3941.3	4097.5	4315.9	4469.1	4444.6	4551.1	3602.8	26.3%	2.5%
Ending Stocks	580.7	542.1	560.4	570.2	550.4	543.3	541.5	544.5	547.9	551.3	535.2	563.4	-5.0%	-0.5%
Prices														
Slaughter Steer Price, Nebraska (US$/cwt lw)	66.3	61.5	65.6	69.7	74.1	77.4	77.8	78.1	76.5	74.2	71.2	65.8	8.2%	-0.7%
Feeder Calf Price, Oklahoma (US$/cwt lw)	81.3	77.8	82.6	94.3	99.1	100.1	96.9	96.8	94.4	91.4	87.0	84.0	3.5%	-2.1%
Commercial cows, Sioux Falls (US$/cwt lw)	38.2	36.5	38.4	41.7	44.6	46.1	45.0	45.3	44.1	42.8	40.6	38.7	4.9%	-1.6%
Wholesale of hide, Central USA (US$/cwt)	21.0	16.7	16.6	19.1	20.3	21.2	21.3	21.4	20.9	20.3	19.5	18.4	6.2%	-0.7%
Wholesale boxed beef choice, Central US (US$/cwt)	103.2	99.9	111.1	117.5	123.1	128.4	129.1	129.5	127.2	123.8	119.3	107.9	10.6%	-0.5%
Wholesale canner-cutter cows, Central US (US$/cwt)	64.3	61.5	66.5	72.6	77.2	79.1	77.7	79.6	78.9	77.7	75.0	66.2	13.3%	-0.5%
US Steer/corn price ratio	0.65	0.69	0.86	0.96	1.00	0.99	0.92	0.92	0.89	0.86	0.82	0.8	3.0%	-3.3%
Buenos Aires wholesale, young bulls (US$/100 kg lw)	91.0	105.6	95.4	92.6	91.8	96.0	96.8	89.6	76.5	79.1	83.3	96.2	-13.3%	-1.6%
Weighted ave. price of cattle, Australia (AU$/100kg dw)	162.6	181.0	202.1	219.9	262.8	272.2	269.8	267.9	257.1	248.9	244.2	191.4	27.6%	-1.2%
Major Exporters (kt incl. live)														
Australia	1360.0	1404.0	1462.0	1736.7	1675.7	1667.8	1651.3	1716.1	1758.8	1750.2	1748.4	1490.7	17.3%	0.7%
New Zealand	508.1	510.8	444.2	458.1	533.1	552.3	569.9	558.5	538.3	515.2	486.4	480.3	1.3%	-1.5%
Canada	759.8	821.5	797.9	819.9	844.1	934.7	984.1	1077.0	1182.9	1267.9	1343.1	799.8	67.9%	8.0%
European Union	1059.9	778.2	969.8	653.2	342.1	410.9	409.1	362.4	396.4	410.9	425.9	865.3	-50.8%	3.7%
USA	1058.4	1078.3	1202.6	1338.3	1370.4	1384.3	1427.9	1465.9	1508.4	1612.2	1750.6	1169.4	49.7%	4.2%
Argentina	461.4	297.0	349.0	355.1	336.8	363.1	425.4	432.7	489.1	499.4	534.1	365.6	46.1%	8.0%
Uruguay	297.6	291.2	252.8	270.0	274.8	254.4	245.5	257.2	259.5	260.8	261.9	277.9	-5.8%	-0.8%
Major Importers (kt incl. live)														
Japan	923.7	951.3	968.5	1018.7	1072.2	1135.1	1160.8	1196.3	1236.4	1283.5	1340.5	965.6	38.8%	3.8%
South Korea	240.4	110.0	232.0	261.8	298.2	328.5	381.0	424.6	486.8	558.8	649.4	211.1	207.7%	13.8%
United States	1540.3	1701.3	1735.1	1769.1	1732.1	1672.2	1751.2	1831.3	1885.2	1734.5	1709.3	1686.4	1.4%	-0.2%
Mexico	203.7	268.0	294.0	305.4	321.2	296.1	283.0	331.4	317.6	316.0	290.2	267.8	8.4%	-1.7%

Historical data sources: Statistics Canada; OECD - Agricultural Outlook

Note: 1. Pacific Beef Market defined as: Australia, Canada, Hong Kong, S. Korea, Mexico, Taiwan, Singapore, USA,New Zealand, Japan.

Table B.10: International pork market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
China production	35963.0	38837.0	39596.7	40464.6	41405.8	43013.6	43869.3	44964.6	46653.3	47931.2	49262.7	38715.3	27.2%	2.9%
North Pacific Market Supply-Disposition (kt)[1]														
Production	13239.0	14071.7	14291.9	14274.2	14533.5	14898.5	15715.6	15117.2	15320.1	15488.3	15442.0	13969.2	10.5%	1.0%
Disappearance	13192.7	14114.9	14583.3	14417.7	14665.0	15026.2	15722.5	15277.5	15465.7	15680.1	15584.0	14077.2	10.7%	1.0%
Exports - incl. live	1255.9	1441.6	1571.3	1557.6	1607.9	1647.2	1735.0	1754.6	1733.9	1827.7	1954.1	1456.6	34.2%	3.3%
Imports - incl. live	1413.0	1574.7	1927.6	1925.5	1888.2	1940.7	2014.3	2024.6	2101.9	2205.4	2268.0	1710.2	32.6%	3.1%
Net Imports from other markets	157.1	133.1	356.4	368.2	280.6	293.8	279.6	270.3	368.3	378.0	314.2	253.7	23.8%	1.9%
Ending Stocks	516.9	467.8	376.7	435.7	414.6	399.2	482.4	414.4	447.2	443.5	427.2	449.3	-4.9%	0.5%
Prices														
Barrow & Gilt Price, Iowa (US$/cwt lw)	53.6	34.7	34.0	44.7	42.1	40.2	36.1	40.9	39.4	37.6	37.8	41.7	-9.6%	-1.8%
Wholesale price of pork, US (US$/cwt)	81.1	65.4	67.5	81.2	76.3	74.2	69.4	75.8	74.2	72.2	72.8	73.8	-1.4%	-0.8%
Hog/Corn price ratio	0.53	0.39	0.45	0.61	0.57	0.51	0.43	0.48	0.46	0.44	0.43	0.5	-12.6%	-4.4%
Pig reference price, EU (Euro/100 kg dw)	164.0	164.0	119.0	121.0	119.8	104.2	110.5	110.1	111.0	114.9	117.0	142.0	-17.6%	-0.4%
Major Pork Exporters (kt incl. live)														
Canada	619.8	708.0	810.0	867.1	940.1	1063.4	1062.3	1095.3	1098.7	1133.1	1104.1	751.2	47.0%	2.7%
United States	478.2	577.0	602.2	616.9	682.8	673.5	710.2	729.5	602.6	672.6	800.6	568.6	40.8%	2.7%
Poland	39.8	17.0	93.0	56.3	37.4	45.5	43.3	42.7	45.4	53.2	62.9	51.5	22.0%	9.0%
China	162.0	89.0	100.6	98.3	97.1	103.0	85.9	88.8	84.3	80.1	78.5	112.5	-30.2%	-3.5%
European Union	906.6	1050.1	1448.2	1203.2	1070.6	1085.3	1094.9	1117.9	1138.2	1135.9	1157.3	1152.0	0.5%	1.3%
Major Pork Importers (kt incl. live)														
Japan	730.7	720.8	856.9	915.3	954.7	974.9	1016.6	1013.0	1036.7	1067.3	1099.7	805.9	36.5%	2.4%
South Korea	83.4	71.5	182.1	123.1	91.8	96.5	121.7	122.4	125.4	152.9	179.2	115.0	55.8%	11.8%
Mexico	53.0	137.1	151.3	155.4	158.6	171.9	194.1	180.4	179.9	189.4	186.9	124.2	50.5%	2.8%
United States	486.0	559.1	586.5	641.6	605.0	583.7	565.5	555.2	621.0	634.1	636.9	568.3	12.1%	0.9%

Historical data sources: Statistics Canada; OECD - Agricultural Outlook

Note: 1. North Pacific Market defined as: Canada, S. Korea, Mexico, Taiwan, USA, Japan.

Table B.11: International dairy market

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
World Butter Supply-Disposition (kt)[1]														
Production	6672.2	6843.0	6987.1	7050.5	7283.6	7480.5	7635.6	7871.4	8033.7	8211.5	8331.5	6888.2	21.0%	2.3%
Disappearance	6709.6	6835.6	6922.7	7030.2	7294.2	7488.2	7643.3	7873.5	8035.2	8213.6	8334.2	6874.5	21.2%	2.2%
Ending Stocks	248.2	262.0	345.9	367.6	356.3	347.8	343.1	342.2	342.3	342.4	342.4	305.9	11.9%	-0.7%
Butter Price, FOB N. Europe (US$/100 kg)	186.1	190.8	150.6	138.0	127.9	148.3	178.3	176.6	182.0	180.8	184.2	166.4	10.7%	6.3%
World Skim Milk Powder Supply-Disposition (kt)														
Production	3312.1	3310.6	3335.3	3352.3	3512.0	3503.4	3457.4	3516.5	3493.8	3489.3	3406.1	3327.6	2.4%	-0.5%
Disappearance	3246.1	3187.1	3288.9	3334.3	3430.8	3576.4	3574.7	3557.0	3507.2	3511.7	3423.7	3264.1	4.9%	0.0%
Ending Stocks	428.0	517.5	552.7	570.6	649.2	568.2	462.0	421.5	408.1	385.7	368.0	517.2	-28.8%	-9.0%
Skim Milk Powder Price, FOB N. Europe (US$/100 kg)	173.8	144.0	133.2	190.8	196.3	163.5	163.3	171.6	177.4	190.8	205.2	160.5	27.9%	0.7%
World Cheese Supply-Disposition (kt)														
Production	13929.8	14053.7	14117.7	14951.8	15158.1	15545.2	15939.9	16273.0	16650.5	17095.5	17547.6	14263.2	23.0%	2.5%
Disappearance	13926.0	14045.8	14131.9	14935.7	15163.4	15553.7	15949.3	16272.4	16645.0	17089.9	17542.0	14259.9	23.0%	2.5%
Ending Stocks	693.6	701.9	687.3	703.3	697.9	689.5	680.1	680.5	686.0	691.6	697.2	696.5	0.1%	0.0%
Cheddar Cheese Price, FOB N. Europe (US$/100 kg)	210.8	185.9	175.1	183.2	197.5	219.7	214.2	229.2	229.9	232.4	242.6	188.8	28.5%	3.5%
World Whole Milk Powder Supply-Disposition (kt)														
Production	2505.8	2606.5	2553.3	2633.3	2739.9	2781.3	2841.8	2874.1	2946.0	3056.7	3132.4	2574.7	21.7%	2.3%
Disappearance	2511.0	2576.7	2540.7	2647.4	2752.5	2793.9	2854.4	2885.7	2957.0	3066.7	3141.4	2569.0	22.3%	2.2%
Ending Stocks	127.1	156.9	169.5	164.8	164.8	164.8	164.8	164.8	164.8	164.8	164.8	154.6	6.6%	0.0%
Whole Milk Powder, 26% butterfat, FOB N. Europe (US$/100 kg)	189.6	165.6	150.5	185.8	178.6	191.8	189.0	201.0	209.1	210.4	221.3	172.9	28.0%	3.6%

Historical data source: OECD - Agricultural Outlook

Note: 1. Discrepancies are due to statistical errors in New Zealand.

Table B.12: Canadian macroeconomy

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Population (mil)	30.1	30.3	30.6	30.8	31.1	31.4	31.6	31.8	32.1	32.3	32.6	30.5	7.0%	0.8%
Gross Domestic Product (mil 1992$)	815013	815013	815013	815013	815013	815013	815013	815013	815013	815013	815013	815013.0	0.0%	0.0%
	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
GDP Deflator (1992=100)	107.5	106.9	108.8	112.7	113.6	114.5	115.5	116.8	118.1	119.5	120.8	109.0	10.9%	1.0%
	0.8%	-0.6%	1.8%	3.6%	0.8%	0.8%	0.8%	1.1%	1.1%	1.1%	1.1%			
Per Capita Disposable Income ($)	18180.2	18732.2	19316.1	20224.4	21064.8	21786.9	22521.9	23354.0	24192.5	25063.6	25968.7	19113.2	35.9%	3.5%
	2.2%	3.0%	3.1%	4.7%	4.2%	3.4%	3.4%	3.7%	3.6%	3.6%	3.6%			
Average Weekly Wages ($)	590.7	602.4	607.0	623.1	632.7	649.6	667.2	685.7	706.2	727.4	749.2	605.8	23.7%	2.9%
	2.9%	2.0%	0.8%	2.6%	1.5%	2.7%	2.7%	2.8%	3.0%	3.0%	3.0%			
Consumer Price Indices (% change)														
All Items	107.6	108.6	110.5	113.5	116.1	118.7	121.1	123.5	126.0	128.6	131.2	110.1	19.2%	2.0%
	1.6%	1.0%	1.7%	2.7%	2.3%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%			
Non-food, Non-energy	107.5	108.9	110.5	112.2	115.5	118.7	121.5	124.1	126.7	129.4	132.3	109.8	20.6%	2.3%
	1.5%	1.3%	1.4%	1.5%	3.0%	2.7%	2.4%	2.1%	2.1%	2.1%	2.3%			
Energy	108.7	104.3	110.2	128.1	124.0	121.8	122.6	124.3	127.2	130.1	131.2	112.8	16.2%	0.9%
	2.4%	-4.1%	5.7%	16.2%	-3.2%	-1.8%	0.7%	1.4%	2.3%	2.3%	0.8%			
Food	107.6	109.3	110.7	112.2	115.6	117.6	118.7	120.8	122.7	124.4	126.2	110.0	14.8%	1.5%
	1.5%	1.6%	1.3%	1.4%	3.0%	1.7%	0.9%	1.8%	1.5%	1.4%	1.4%			
Industrial Product Price Indices (% change)														
Petroleum & Coal	116.20	95.80	112.27	163.24	158.03	155.41	152.74	158.28	163.01	167.89	172.91	121.9	41.9%	1.5%
	0.2%	-17.6%	17.2%	45.4%	-3.2%	-1.7%	-1.7%	3.6%	3.0%	3.0%	3.0%			
Wood	143.20	135.50	147.22	134.86	126.23	128.04	130.23	132.33	134.73	137.17	139.66	140.2	-0.4%	1.7%
	0.9%	-5.4%	8.6%	-8.4%	-6.4%	1.4%	1.7%	1.6%	1.8%	1.8%	1.8%			
Autos & Parts	127.30	139.00	141.22	142.18	145.03	147.35	149.85	152.25	154.99	157.78	160.62	137.4	16.9%	1.7%
	3.5%	9.2%	1.6%	0.7%	2.0%	1.6%	1.7%	1.6%	1.8%	1.8%	1.8%			
Machinery	121.70	127.70	133.74	134.08	136.50	139.36	142.43	145.28	148.33	151.44	154.62	129.3	19.6%	2.1%
	4.4%	4.9%	4.7%	0.3%	1.8%	2.1%	2.2%	2.0%	2.1%	2.1%	2.1%			
Interest Rates (%)														
Prime Lending Rate	5.0	6.6	6.4	7.3	6.7	7.1	7.1	7.0	7.0	7.0	7.0	6.3	10.8%	0.7%
Exchange Rate														
$Cdn./$U.S.	1.38	1.48	1.49	1.49	1.55	1.53	1.50	1.49	1.48	1.47	1.46	1.5	0.0%	-1.0%
$U.S./$Cdn.	0.72	0.67	0.67	0.67	0.65	0.65	0.67	0.67	0.68	0.68	0.69	0.7	0.0%	1.0%
Average Grain Freight Rate, Mid prairies to port ($/t)	33.48	33.10	33.17	27.53	28.49	29.12	29.70	30.30	30.91	31.54	32.18	31.8	1.1%	2.0%

Historical Data Sources: Statistics Canada - CANSIM; Conference Board of Canada - Spring 2001 Medium Term Forecast
Forecast Data Source: Conference Board of Canada - Extrapolation of Spring 2001 Medium Term Forecast

Table B.13: Canadian grain and oilseed summary

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Crop Area Harvested (Mha)	39.29	39.23	39.40	40.37	38.66	39.48	39.48	39.48	39.48	39.48	39.48	39.6	-0.2%	0.3%
Wheat	11.41	10.68	10.37	10.96	10.98	10.94	10.87	10.51	10.42	10.20	10.41	10.9	-4.1%	-0.9%
Coarse Grains[1]	7.62	7.38	6.94	7.18	7.19	7.40	7.59	7.56	7.66	7.59	7.68	7.3	5.5%	1.1%
Oilseeds[2]	6.67	7.27	7.35	6.47	5.56	6.57	6.50	6.89	6.82	7.12	6.69	6.9	-3.6%	3.1%
Special Crops[3] (Western Canada)	1.64	2.05	1.98	2.63	2.98	2.81	2.82	2.93	3.02	3.12	3.24	2.1	56.2%	1.4%
Hay (Seeded Area)	6.30	6.44	6.74	7.07	7.21	7.26	7.31	7.28	7.32	7.26	7.30	6.6	10.0%	0.2%
Summerfallow	5.64	5.40	6.03	6.06	4.73	4.51	4.40	4.31	4.22	4.18	4.16	5.8	-28.2%	-2.1%
Production, Domestic Use & Export Summary (Mt)														
Wheat														
Production	24.28	24.08	26.90	26.80	21.49	26.61	26.75	26.15	26.23	26.00	26.86	25.5	5.3%	3.8%
Domestic Use	7.37	8.01	8.64	8.71	8.08	8.33	8.52	8.58	8.58	8.70	8.68	8.2	6.0%	1.2%
Exports	20.00	14.72	18.31	17.25	15.50	17.40	18.21	17.72	17.71	17.42	18.07	17.6	2.9%	2.6%
Coarse Grains[1]														
Production	25.11	26.56	26.83	24.33	23.61	27.16	27.95	28.20	28.78	28.82	29.47	25.7	14.6%	3.8%
Domestic Use	22.67	22.78	22.68	23.03	23.23	23.59	23.99	24.86	25.49	26.07	26.43	22.8	16.0%	2.2%
Exports	4.44	4.12	4.25	4.54	3.89	3.99	5.02	4.62	4.73	4.72	4.75	4.3	9.4%	3.4%
Oilseeds[2]														
Production	10.03	11.46	12.60	10.52	8.12	10.86	10.88	11.58	11.58	12.14	11.56	11.2	3.6%	6.1%
Domestic Use	5.96	5.95	6.09	6.14	5.08	5.63	5.72	5.90	5.94	6.01	5.88	6.0	-2.6%	2.5%
Exports	4.52	5.50	5.41	5.97	4.61	5.33	5.67	6.07	6.12	6.48	6.22	5.3	16.2%	5.1%

Historical Data Sources: Statistics Canada - CANSIM

Notes: 1. Coarse Grains consists of Barley, Corn, Oats, Rye and Mixed Grains.

2. Oilseeds consists of Canola, Soybeans and Flaxseed

3. Special Crops consists of Canary Seed, Mustard Seed, Lentils, Dry Peas and Sunflower.

Table B.14: Canadian wheat

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
All Wheat Supply-Disposition (Mt)														
Area Harvested (Mha)	11.41	10.68	10.37	10.96	10.98	10.94	10.87	10.51	10.42	10.20	10.41	10.9	-4.1%	-0.9%
Yield (t/ha)	2.13	2.25	2.59	2.44	1.96	2.43	2.46	2.49	2.52	2.55	2.58	2.4	9.6%	4.7%
Production	24.28	24.08	26.90	26.80	21.49	26.61	26.75	26.15	26.23	26.00	26.86	25.5	5.3%	3.8%
Food & Industrial Use	2.73	2.86	2.94	2.96	3.00	2.94	2.97	3.02	3.06	3.11	3.16	2.9	9.8%	0.9%
Feed Use	3.59	4.15	4.63	4.64	3.99	4.32	4.48	4.50	4.47	4.56	4.51	4.3	5.9%	2.0%
Other Domestic Use	1.05	1.00	1.07	1.11	1.09	1.07	1.07	1.06	1.04	1.02	1.01	1.1	-4.2%	-1.1%
Exports	20.00	14.72	18.31	17.25	15.50	17.40	18.21	17.72	17.71	17.42	18.07	17.6	2.9%	2.6%
Ending Stocks	6.01	7.43	7.39	8.65	6.58	7.51	7.57	7.48	7.47	7.40	7.56	7.4	2.5%	2.4%
CWB Final Price, #1 CWRS ($/t)[1]	191	184	168	190	208	193	195	200	204	206	208	183.1	13.3%	0.0%
Farm Gate Price, Prairies ($/t)	147	141	125	152	165	150	151	154	157	159	160	141.4	12.8%	-0.6%
Milling Price ($/t)	217	204	192	196	238	212	216	222	229	232	235	202.6	15.9%	-0.2%
Durum Wheat Supply-Disposition (Mt)														
Area Harvested (Mha)	2.21	2.91	1.76	2.61	2.05	2.24	2.14	2.13	2.23	2.22	2.22	2.4	-6.3%	1.3%
Yield (t/ha)	1.97	2.07	2.44	2.16	1.50	2.19	2.21	2.24	2.26	2.29	2.32	2.2	7.5%	7.6%
Production	4.35	6.04	4.30	5.65	3.08	4.90	4.72	4.76	5.06	5.10	5.17	5.1	1.7%	9.0%
Food & Industrial Use	0.24	0.24	0.25	0.26	0.26	0.27	0.27	0.28	0.29	0.29	0.30	0.2	20.9%	2.1%
Other Domestic Use	0.63	0.77	0.64	0.93	0.69	0.76	0.73	0.74	0.77	0.78	0.79	0.7	6.2%	2.2%
Exports	4.23	3.85	3.58	3.55	3.73	3.01	3.72	3.74	3.98	4.05	4.07	3.8	7.2%	1.5%
Ending Stocks	0.76	1.95	1.79	2.70	1.10	1.97	1.97	1.98	2.00	1.99	2.00	1.8	11.1%	10.5%
CWB Final Price, #1 CWAD ($/t)[1]	278	201	207	233	241	211	214	219	223	226	228	229.8	-0.7%	-0.9%
Farm Gate Price, Prairies ($/t)	235	158	164	195	198	167	169	174	177	179	180	187.9	-4.1%	-1.6%

Historical Data Sources: Statistics Canada - Cereals & Oilseeds Review, Catalogue 22-007; Statistics Canada - CANSIM; Statistics Canada - Farm Product Price Book; Canadian Wheat Board - Annual Report; Canada Grain Council - Statistical Handbook; GRIP calculations

Note: 1. Prior to 1995 CWB Final Prices are basis Thunder Bay, thereafter basis St. Lawrence

Table B.15: Canadian coarse grains

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Barley Supply-Disposition (Mt)														
Area Harvested (Mha)	4.70	4.27	4.07	4.55	4.37	4.42	4.50	4.52	4.57	4.52	4.56	4.4	3.7%	0.7%
Yield (t/ha)	2.88	2.97	3.24	2.96	2.65	3.11	3.15	3.18	3.22	3.25	3.29	3.0	9.0%	3.7%
Production	13.53	12.71	13.20	13.47	11.57	13.74	14.16	14.37	14.69	14.69	14.99	13.2	13.3%	4.4%
Feed Use	10.56	10.03	9.78	10.09	10.15	10.51	10.76	11.38	11.72	12.08	12.34	10.1	22.0%	3.3%
Other Domestic Use	0.68	0.76	0.75	0.82	0.83	0.79	0.79	0.80	0.82	0.82	0.83	0.8	10.3%	0.0%
Exports	2.78	1.70	2.37	2.50	2.01	2.08	2.38	2.04	2.04	2.05	2.01	2.3	-13.8%	0.0%
Ending Stocks	2.46	2.74	3.07	3.10	1.71	2.11	2.38	2.56	2.71	2.49	2.33	2.8	-17.9%	5.3%
Farm Gate Price, Prairies ($/t)	110	94	80	92	108	112	110	111	111	111	110	93.9	17.0%	0.2%
Off-Board Barley Price, Lethbridge ($/t)	134	116	110	128	139	138	131	132	132	132	131	122.1	7.2%	-1.0%
CWB Final Price, Select CW 2Row ($/t)[1]	196	172	187	205	202	206	205	208	208	210	209	190.1	9.9%	0.6%
Corn Supply-Disposition (Mt)														
Area Harvested (Mha)	1.05	1.12	1.15	1.09	1.25	1.15	1.15	1.16	1.16	1.16	1.18	1.1	7.6%	-0.9%
Yield (t/ha)	6.87	8.01	8.03	6.27	6.75	7.53	7.61	7.69	7.78	7.86	7.94	7.3	8.8%	2.7%
Production	7.18	8.95	9.16	6.83	8.41	8.65	8.72	8.90	9.01	9.11	9.39	8.0	17.0%	1.9%
Imports	1.47	0.89	1.02	2.50	1.68	0.93	1.31	1.39	1.58	1.69	1.55	1.5	5.2%	-1.3%
Feed Use	6.88	7.15	7.24	7.30	7.70	7.52	7.66	7.88	8.15	8.37	8.45	7.1	18.4%	1.6%
Other Domestic Use	1.77	1.91	2.08	2.19	2.29	2.19	2.20	2.22	2.23	2.24	2.26	2.0	13.7%	-0.2%
Exports	0.12	0.83	0.22	0.22	0.30	0.22	0.22	0.22	0.22	0.22	0.22	0.3	-35.6%	-4.7%
Ending Stocks	0.89	0.88	1.55	1.52	1.35	1.03	1.01	1.01	1.02	1.02	1.05	1.2	-13.3%	-4.1%
Elevator Price, Chatham ($/t)	137	110	107	118	127	125	126	126	125	129	127	117.9	7.4%	0.0%
Oats Supply-Disposition (Mt)														
Area Harvested (Mha)	1.50	1.59	1.40	1.30	1.34	1.51	1.62	1.56	1.62	1.59	1.62	1.4	11.8%	3.2%
Yield (t/ha)	2.33	2.49	2.60	2.61	2.27	2.62	2.62	2.63	2.63	2.63	2.63	2.5	5.0%	2.5%
Production	3.48	3.96	3.64	3.39	3.03	3.96	4.26	4.11	4.25	4.18	4.26	3.6	17.7%	5.8%
Feed Use	1.67	1.81	1.78	1.69	1.35	1.69	1.67	1.66	1.64	1.63	1.61	1.7	-7.5%	3.0%
Exports	1.41	1.52	1.57	1.73	1.51	1.56	2.26	2.19	2.29	2.28	2.34	1.6	50.4%	7.6%
Farm Gate Price, Prairies ($/t)	119	101	84	86	87	95	95	101	102	103	104	97.4	6.3%	2.9%
Rye Supply-Disposition (Mt)														
Area Harvested (Mha)	0.16	0.20	0.17	0.12	0.10	0.16	0.16	0.16	0.16	0.16	0.16	0.2	0.1%	8.8%
Yield (t/ha)	1.98	1.96	2.29	2.26	2.05	2.20	2.22	2.24	2.26	2.27	2.29	2.1	8.1%	1.9%
Production	0.32	0.40	0.39	0.26	0.20	0.36	0.36	0.36	0.37	0.37	0.37	0.3	9.1%	10.8%
Exports	0.14	0.08	0.09	0.09	0.07	0.12	0.16	0.16	0.17	0.17	0.17	0.1	73.3%	17.2%

Historical Data Sources: Statistics Canada - Cereals & Oilseeds Review, Catalogue 22-007; Statistics Canada - CANSIM; Statistics Canada - Farm Product Price Book; Canadian Wheat Board - Annual Report; Canada Grain Council - Statistical Handbook; GRIP calculations

Note: 1. Prior to 1995 CWB Final Prices are basis Thunder Bay, thereafter basis St. Lawrence

Table B.16: Canadian oilseeds

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Canola Supply-Disposition (Mt)														
Area Harvested (Mha)	4.87	5.43	5.56	4.82	3.89	4.78	4.73	5.05	4.99	5.24	4.87	5.2	-5.8%	3.8%
Yield (t/ha)	1.31	1.41	1.58	1.48	1.30	1.47	1.49	1.50	1.51	1.52	1.53	1.4	6.2%	2.8%
Production	6.39	7.64	8.80	7.12	5.06	7.05	7.03	7.56	7.53	7.97	7.47	7.5	-0.2%	6.7%
Crushings	3.24	3.06	2.98	3.00	2.40	2.56	2.61	2.73	2.77	2.79	2.73	3.1	-11.2%	2.2%
Meal Production	2.00	1.94	1.86	1.87	1.53	1.63	1.66	1.74	1.76	1.78	1.74	1.9	-9.4%	2.2%
Oil Production	1.36	1.28	1.24	1.30	1.07	1.14	1.17	1.22	1.23	1.24	1.22	1.3	-6.2%	2.2%
Seed Exports	2.96	3.90	3.89	4.60	3.29	3.67	4.06	4.32	4.34	4.58	4.37	3.8	13.9%	4.9%
Ending Stocks	0.36	0.63	2.07	1.15	0.40	0.78	0.70	0.74	0.68	0.77	0.66	1.1	-37.2%	8.7%
Canola Oil Domestic Use	0.62	0.52	0.36	0.40	0.41	0.46	0.46	0.46	0.46	0.47	0.47	0.5	-0.8%	2.4%
Canola Oil Exports	0.84	0.78	0.89	0.91	0.67	0.72	0.74	0.79	0.80	0.81	0.78	0.9	-9.0%	2.5%
Canola Meal Feed Use	0.59	0.69	0.74	0.70	0.73	0.76	0.81	0.87	0.91	0.94	0.96	0.7	41.2%	4.8%
Canola Meal Exports	1.42	1.26	1.13	1.17	0.81	0.86	0.86	0.87	0.85	0.84	0.78	1.2	-37.3%	-0.6%
Canola Cash Price, #1 Vancouver ($/t)	420	376	288	290	348	337	362	368	392	374	404	343.4	17.5%	2.5%
Farm Gate Price, Prairies ($/t)	380	342	240	246	306	293	317	323	346	327	356	301.9	17.8%	2.6%
Canola Meal Price, FOB Plants ($/t)	179	141	156	155	177	166	167	164	161	165	167	157.9	5.6%	-1.0%
Canola Oil Price, FOB Plants ($/t)	819	744	569	546	538	595	657	692	746	701	745	669.4	11.2%	5.6%
Effective Crush Margin ($/t)	75.70	59.87	93.94	86.34	47.08	77.93	82.30	90.17	89.21	90.78	82.37	79.0	4.3%	9.8%
Soybean Supply-Disposition (Mt)														
Area Harvested (Mha)	1.06	0.98	1.00	1.06	1.03	1.00	1.02	1.05	1.06	1.08	1.07	1.0	3.9%	0.6%
Yield (t/ha)	2.58	2.79	2.77	2.55	2.26	2.76	2.78	2.81	2.83	2.85	2.87	2.7	7.5%	4.1%
Production	2.74	2.74	2.78	2.70	2.32	2.75	2.84	2.94	3.00	3.08	3.06	2.7	11.9%	4.7%
Imports	0.15	0.25	0.45	0.38	0.40	0.29	0.29	0.29	0.29	0.29	0.29	0.3	-7.2%	-5.4%
Exports	0.77	0.87	0.95	0.75	0.72	0.70	0.78	0.86	0.92	0.99	1.01	0.8	20.7%	5.8%
Soy Meal Imports	0.65	0.79	0.81	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.8	0.0%	0.0%
Soy Meal Feed Use	1.90	2.02	2.13	2.07	2.07	2.00	2.03	2.08	2.11	2.13	2.11	2.0	3.9%	0.3%
Soybean Cash Price, #2 Chatham ($/t)	334	265	256	250	266	265	288	287	297	290	310	276.2	12.3%	2.6%
Flaxseed Supply-Disposition (Mt)														
Area Harvested (Mha)	0.74	0.86	0.78	0.59	0.65	0.79	0.75	0.79	0.78	0.81	0.75	0.7	1.7%	2.6%
Yield (t/ha)	1.22	1.26	1.32	1.17	1.14	1.35	1.35	1.35	1.35	1.35	1.36	1.2	9.3%	2.9%
Production	0.90	1.08	1.02	0.69	0.74	1.06	1.01	1.07	1.05	1.09	1.02	0.9	10.7%	5.6%
Exports	0.78	0.73	0.57	0.63	0.60	0.97	0.83	0.89	0.87	0.91	0.83	0.7	23.3%	5.6%
Cash Price, #1 CW Thunder Bay ($/t)	389	317	237	260	312	302	324	330	351	335	362	300.7	20.4%	2.5%
Farm Gate Price, Prairies ($/t)	349	290	202	222	270	258	280	285	305	288	314	265.6	18.2%	2.6%

Historical Data Sources: Statistics Canada - Cereals & Oilseeds Review, Catalogue 22-007; Statistics Canada - CANSIM; Statistics Canada - Farm Product Price Book; Canadian Wheat Board - Annual Report; Canada Grain Council - Statistical Handbook; GRIP calculations

Table B.17: Canadian special crops

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Harvested Area (thous ha)	1633	2013	1839	2349	2448	2448	2459	2553	2637	2723	2832	1958.5	44.6%	2.5%
Canary Seed	113	208	146	164	142	141	142	154	164	174	188	157.8	18.9%	4.8%
Dry Peas	848	1079	835	1220	1408	1335	1338	1380	1418	1456	1505	995.3	51.2%	1.1%
Lentils	329	378	506	688	700	683	686	709	729	750	777	475.4	63.3%	1.7%
Mustard Seed	292	279	273	208	133	198	201	215	228	241	257	263.1	-2.1%	11.6%
Sunflower Seed	51	69	79	69	65	91	92	95	98	101	105	66.8	57.4%	8.4%
Canary Seed														
Production (kt)	115	235	166	171	125	163	166	180	192	206	223	171.8	29.6%	10.1%
Farm Price, Western Canada ($/t)	322	248	240	265	395	300	265	265	265	265	265	268.8	-1.4%	-6.4%
Dry Peas														
Production (kt)	1758	2328	2246	2864	2394	3108	3156	3297	3431	3568	3733	2299.0	62.4%	7.7%
Farm Price, Western Canada ($/t)	180	135	135	135	160	166	167	166	165	166	167	146.3	13.9%	0.6%
Lentils														
Production (kt)	379	480	724	914	707	922	942	989	1034	1081	1136	624.1	82.0%	8.2%
Farm Price, Western Canada ($/t)	324	381	380	295	295	345	345	345	345	345	345	345.0	0.0%	2.6%
Mustard Seed														
Production (kt)	243	239	306	202	110	194	196	209	222	235	251	247.6	1.5%	14.7%
Farm Price, Western Canada ($/t)	398	348	285	275	360	327	327	327	327	327	327	326.5	0.0%	-1.6%
Sunflower Seed														
Production (kt)	65	112	122	119	105	137	139	145	152	158	166	104.5	58.9%	7.9%
Farm Price, Western Canada ($/t)	344	388	295	320	330	337	337	337	337	337	337	336.8	0.0%	0.3%

Historical Data Sources: Statistics Canada - CANSIM.

Table B.18: Canadian animal feed

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Grain Consuming Animal Units (Mil Hog Equivalent)	50658	53023	54859	55263	57436	61036	62668	65154	66803	68599	69338	53450.6	29.7%	3.2%
Total Grain Feed Consumption (Mt)	23.40	23.83	24.10	24.24	23.66	24.61	25.13	26.00	26.57	27.22	27.49	23.9	15.1%	2.5%
Wheat	3.59	4.15	4.63	4.64	3.99	4.32	4.48	4.50	4.47	4.56	4.51	4.3	5.9%	2.0%
Barley	10.56	10.03	9.78	10.09	10.15	10.51	10.76	11.38	11.72	12.08	12.34	10.1	22.0%	3.3%
Oats	1.67	1.81	1.78	1.69	1.35	1.69	1.67	1.66	1.64	1.63	1.61	1.7	-7.5%	3.0%
Corn	6.88	7.15	7.24	7.30	7.70	7.52	7.66	7.88	8.15	8.37	8.45	7.1	18.4%	1.6%
Total Protein Feed Consumption (Mt)	2.73	3.08	3.38	3.80	3.96	4.03	4.18	4.34	4.45	4.55	4.58	3.2	41.1%	2.5%
Soybean Meal	1.90	2.02	2.13	2.07	2.07	2.00	2.03	2.08	2.11	2.13	2.11	2.0	3.9%	0.3%
Canola Meal	0.59	0.69	0.74	0.70	0.73	0.76	0.81	0.87	0.91	0.94	0.96	0.7	41.2%	4.8%
Dry Peas	0.25	0.37	0.51	1.02	1.16	1.27	1.34	1.39	1.43	1.48	1.52	0.5	182.3%	4.6%

Historical Data Sources: Statistics Canada - Cereals & Oilseeds Review , Catalogue 22-007; Statistics Canada - CANSIM; Statistics Canada - Canadian Livestock Usage Study; Agriculture and Agri-Food Canada - *Internal calculations*

Table B.19: Canadian cereal and oil products

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Wheat Flour (kt)														
Production	2111.19	2164.96	2237.86	2326.47	2525.51	2638.04	2661.23	2690.50	2726.43	2763.87	2801.25	2210.1	26.7%	1.7%
Imports	19.69	21.15	34.58	36.69	37.11	42.50	48.36	53.00	55.00	60.00	65.00	28.0	131.9%	9.8%
Disappearance	1991.70	2035.71	2116.91	2195.45	2433.52	2492.83	2572.33	2641.99	2704.62	2757.50	2798.81	2084.9	34.2%	2.4%
Exports	130.69	152.47	160.54	168.18	129.61	188.21	137.74	101.99	77.27	66.83	67.88	153.0	-55.6%	-10.2%
Ending Stocks	32.44	30.37	25.36	24.89	24.39	23.90	23.43	22.96	22.50	22.05	21.61	28.3	-23.6%	-2.0%
Producer Price Index (1992=100)	127.43	122.56	119.78	121.30	125.69	126.91	122.62	120.77	120.68	121.25	121.94	122.8	-0.7%	-0.5%
Bakery and Pasta (kt)														
Production[1]	1676.41	1668.57	1622.98	1742.80	1763.52	1822.83	1902.33	1971.99	2034.62	2087.50	2128.81	1677.7	26.9%	3.2%
Imports	353.81	415.91	436.17	367.61	418.35	419.83	412.72	404.71	407.74	423.99	454.08	393.4	15.4%	1.4%
Disappearance[1]	1696.99	1682.43	1571.32	1575.64	1620.36	1653.07	1695.99	1726.68	1759.84	1794.84	1830.42	1631.6	12.2%	2.1%
Exports	333.23	402.05	487.84	534.77	561.51	589.58	619.06	650.02	682.52	716.64	752.48	439.5	71.2%	5.0%
Producer Price Index (1992=100)	188.98	189.10	190.10	190.84	183.56	184.04	184.07	185.08	186.48	187.90	189.29	189.8	-0.2%	0.5%
Beer (ml)														
Production	2360.37	2435.22	2445.27	2451.22	2533.12	2566.57	2586.09	2617.74	2654.68	2690.89	2727.68	2423.0	12.6%	1.2%
Disappearance[1]	2118.70	2199.90	2239.74	2225.78	2335.63	2370.43	2391.25	2424.18	2462.39	2499.85	2537.88	2196.0	15.6%	1.4%
Producer Price ($/l)	0.84	0.87	0.90	0.95	1.01	1.05	1.08	1.12	1.15	1.19	1.22	0.9	37.3%	3.2%
Consumer Price ($/l)	3.61	3.71	3.79	3.87	4.04	4.14	4.26	4.38	4.51	4.64	4.78	3.7	27.7%	2.9%
Oil Products (kt)														
Production of Margarine	126.13	126.67	127.53	126.13	128.09	130.30	132.31	133.09	134.53	136.97	140.21	126.6	10.7%	1.5%
Disappearance of Margarine	123.30	123.13	123.38	120.52	122.59	124.50	126.20	126.63	127.73	129.80	132.65	122.6	8.2%	1.3%
Production of Shortening	385.55	390.64	345.76	340.09	347.43	353.24	359.89	364.05	369.34	375.57	382.48	365.5	4.6%	1.6%
Disappearance of Shortening	392.80	400.62	361.45	305.60	362.48	369.05	376.48	381.47	387.63	394.78	402.65	365.1	10.3%	1.8%
Production of Salad Oil	718.86	725.53	648.53	681.72	695.03	694.19	698.85	696.69	697.64	699.33	701.11	693.7	1.1%	0.1%
Disappearance of Salad Oil	352.02	505.38	407.67	348.31	444.25	451.72	465.10	472.10	482.66	494.45	506.83	403.3	25.7%	2.2%

Historical Data Sources: Statistics Canada - CANSIM.
Note: 1. Calculated by Agriculture and Agri-food Canada.

Table B.20: Canadian cattle and beef

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Ending Cattle Inventories (thous head)	13215	12902	12786	12860	13364	13900	14520	15065	15433	15550	15323	12940.9	18.4%	2.3%
Dairy Cows	1202	1180	1141	1156	1116	1095	1089	1086	1080	1077	1072	1169.5	-8.3%	-0.7%
Dairy Heifers	514	491	465	469	480	463	454	452	451	448	447	484.8	-7.8%	-1.2%
Beef Cows & Bulls	4500	4416	4367	4441	4633	4874	5099	5294	5394	5379	5257	4431.0	18.6%	2.1%
Beef Heifers	1463	1276	1294	1321	1319	1460	1557	1661	1680	1694	1665	1338.4	24.4%	4.0%
Steers	1083	1107	1222	1132	1226	1294	1339	1386	1416	1426	1410	1135.8	24.1%	2.4%
Calves	4453	4432	4299	4341	4590	4713	4982	5186	5412	5526	5472	4381.3	24.9%	3.0%
Cattle Supply-Disposition (thous head)														
Marketings	4362	4514	4412	4268	4128	4277	4509	4795	5072	5248	5465	4389.2	24.5%	4.8%
Slaughter	3258	3410	3600	3502	3349	3347	3351	3503	3651	3740	3816	3442.6	10.9%	2.2%
Net Exports														
Slaughter Cattle	1104	1105	812	766	779	931	1157	1292	1421	1508	1648	946.6	74.1%	13.3%
Feeder Cattle	189	117	-35	-126	-117	-93	-123	-133	-84	0	41	36.2	13.0%	-----
Western Canada Cattle Supply-Disposition (thous head)														
Marketings	3186	3360	3283	3210	3084	3189	3363	3611	3858	4022	4206	3259.6	29.0%	5.3%
Slaughter	2188	2395	2611	2563	2437	2387	2344	2458	2581	2586	2645	2439.3	8.4%	1.4%
Net Exports[1]														
Slaughter Cattle	998	965	672	647	647	803	1019	1153	1277	1437	1560	820.3	90.2%	15.8%
Feeder Cattle	240	168	15	-53	-67	-64	-92	-109	-76	-21	32	92.5	-65.1%	-----
Eastern Canada Cattle Supply-Disposition (thous head)														
Marketings	1176	1154	1130	1058	1044	1088	1146	1184	1214	1226	1259	1129.6	11.5%	3.2%
Slaughter	1070	1015	990	939	912	960	1007	1045	1071	1155	1171	1003.3	16.7%	4.3%
Net Exports[1]														
Slaughter Cattle	106	139	140	119	132	128	139	139	144	71	88	126.3	-30.3%	-6.5%
Feeder Cattle	-51	-51	-50	-73	-50	-29	-31	-24	-8	21	9	-56.3	-115.4%	-----
Steer Price, A1-A2, Edmonton ($/cwt)	84	84	89	95	107	110	107	106	103	99	93	87.9	6.1%	-2.2%
Feeder Calf Price 5-600 lb, Edmonton ($/cwt)	110	120	130	154	169	173	164	161	153	143	133	128.5	3.8%	-3.9%
Beef Supply-Disposition (kt)														
Production	1047	1142	1227	1208	1196	1218	1230	1304	1375	1424	1466	1155.9	26.8%	3.4%
Imports	249	232	254	263	245	238	238	240	244	248	250	249.6	0.3%	0.4%
Disappearance	939	960	992	963	936	914	930	938	958	979	1015	963.3	5.4%	1.4%
Exports	357	412	483	513	505	541	538	606	661	693	701	441.3	58.9%	5.6%
Ending Stocks	23	26	32	26	26	26	26	26	26	26	26	26.7	-2.5%	0.0%
Wholesale Beef Price ($/cwt)	154.27	161.98	170.12	172.27	193.58	199.97	197.45	194.41	188.37	181.15	173.11	164.7	5.1%	-1.8%
Retail Beef Price ($/kg)	6.25	6.24	6.37	6.79	7.21	7.42	7.42	7.49	7.49	7.43	7.33	6.4	14.4%	0.3%

Historical Data Sources: Statistics Canada - CANSIM; Statistics Canada - Livestock Statistics, Catalogue 23-603; Agriculture and Agri-Food Canada - Livestock and Meat Trade Report, Internal calculations

Note: 1. West and East Net Exports include inter-regional trade.

Table B.21: Canadian hogs and pork

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Hog Inventories (December 31) (thous head)														
Total	11672	12357	12396	12231	12733	13310	13446	13345	13366	13468	13394	12164.3	10.1%	0.8%
Hog Supply-Disposition (thous head)														
Marketings	17573	19578	21005	21674	22603	24165	24250	24653	24647	25039	24703	19957.5	23.8%	1.5%
Slaughter	15385	16923	18952	19655	20398	21569	22264	22109	22351	22784	22767	17728.6	28.4%	1.8%
Exports (Slaughter Hogs)	2189	2656	2053	2019	2205	2596	1986	2545	2296	2255	1936	2228.9	-13.1%	-2.1%
Exports (Weanling Hogs)	987	1466	2083	2340	2499	2885	3108	2111	2141	2162	2154	1719.2	25.3%	-2.4%
Western Canada Hog Supply-Disposition (thous head)														
Marketings	6794	7694	8385	8923	9521	10451	10334	11255	11246	11216	10955	7949.0	37.8%	2.4%
Slaughter	5589	6049	6810	7379	7844	8683	9246	9572	10000	10072	10053	6456.9	55.7%	4.2%
Exports (Slaughter Hogs)	1208	1644	1564	1544	1677	1768	1088	1683	1246	1143	902	1489.9	-39.5%	-9.8%
Exports (Weanling Hogs)	620	873	1451	1526	1599	1960	2259	1493	1496	1517	1506	1117.4	34.8%	-1.0%
Eastern Canada Hog Supply-Disposition (thous head)														
Marketings	10779	11885	12619	12751	13082	13714	13916	13399	13401	13823	13748	12008.5	14.5%	0.8%
Slaughter	9795	10873	12142	12276	12554	12886	13018	12537	12351	12712	12714	11271.7	12.8%	0.2%
Exports (Slaughter Hogs)	981	1012	489	474	528	828	898	862	1050	1111	1034	739.0	40.0%	11.9%
Exports (Weanling Hogs)	367	593	632	815	900	925	849	619	645	645	648	601.8	7.7%	-5.3%
Hog Price, Index 100 Ontario ($/ckg)	187	122	120	162	162	151	134	149	142	134	135	147.9	-8.9%	-3.1%
Pork Supply-Disposition (kt)														
Production	1257	1380	1555	1612	1683	1790	1859	1857	1889	1938	1948	1450.9	34.3%	2.5%
Imports	61	62	62	64	59	55	55	56	57	57	58	62.4	-7.5%	-0.5%
Disappearance	760	824	859	855	863	870	889	882	887	896	909	824.5	10.3%	0.9%
Waste & Manufacturing	129	142	160	166	173	184	191	191	195	200	201	149.4	34.3%	2.5%
Exports	421	462	600	655	708	790	834	839	862	898	895	534.5	67.5%	4.0%
Ending Stocks	20	34	32	33	30	30	30	31	33	34	35	29.7	16.8%	2.4%
Wholesale Pork Price ($/kg)	3.65	2.86	2.97	3.50	3.44	3.31	3.12	3.24	3.14	3.08	3.09	3.2	-4.7%	-1.8%
Retail Pork Price ($/kg)	6.94	6.43	6.18	6.68	6.48	6.34	6.03	6.29	6.31	6.29	6.24	6.6	-4.9%	-0.6%

Historical Data Sources: Statistics Canada - CANSIM; Statistics Canada - Livestock Statistics, Catalogue 23-603; Agriculture and Agri-Food Canada - Livestock and Meat Trade Report, Internal calculations

Table B.22: Canadian poultry and eggs

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Chicken Supply-Disposition (kt)														
Production	749	792	839	874	910	958	995	1,027	1062	1084	1105	813.4	35.8%	3.3%
Imports	67	69	75	90	82	85	88	91	93	96	98	75.5	29.5%	3.0%
Disappearance	770	797	855	897	913	958	996	1,030	1065	1089	1110	829.7	33.8%	3.3%
Exports	45	58	62	68	80	83	86	87	89	91	92	58.3	58.0%	2.4%
Ending Stocks	20	26	22	22	22	23	24	25	26	27	28	22.6	22.3%	4.1%
Live Chicken Price, Ontario Broiler (c/kg)	126	122	113	113	118	122	123	124	125	127	129	118.6	8.6%	1.5%
Wholesale Chicken Price, Ontario (c/kg)	258	255	236	233	253	258	261	264	267	270	274	245.4	11.7%	1.4%
Retail Chicken Price, Ontario (c/kg)	382	377	380	388	389	399	404	410	415	421	428	381.5	12.3%	1.6%
Turkey Supply-Disposition (kt)														
Production	144	139	139	152	145	146	147	149	150	150	151	143.5	5.1%	0.7%
Disappearance	134	133	131	134	131	132	133	135	136	137	137	132.7	3.3%	0.7%
Exports	20	18	17	19	19	19	19	19	19	19	19	18.6	2.3%	0.0%
Ending Stocks	16	11	9	14	14	14	14	14	14	14	14	12.6	11.5%	0.0%
Live Turkey Price, Ontario Broiler (c/kg)	158	155	149	149	154	159	161	163	164	167	170	152.5	11.2%	1.6%
Wholesale Turkey Price, Ontario (c/kg)	270	281	300	275	282	288	291	294	296	299	303	281.6	7.7%	1.2%
Retail Turkey Price, Ontario (c/kg)	382	393	372	379	365	371	373	376	381	386	393	381.5	3.0%	1.3%
Shell Egg Supply-Disposition ('000 boxes of 15 dozen)														
Production	29137	29329	30108	30779	30938	31326	31652	32097	32480	32855	33237	29838.5	11.4%	1.2%
Imports	2951	3275	3250	2599	3342	3450	3578	3717	3869	4029	4187	3018.6	38.7%	3.8%
Disappearance	26187	26142	26954	27459	27712	28030	28299	28691	29027	29356	29680	26685.5	11.2%	1.1%
Eggs to Breakers	5717	6339	6783	7190	7317	8084	8601	9182	9757	10309	10904	6507.4	67.6%	6.9%
Egg Producer Price, Ontario Grade A Large (c/doz.)	131	127	125	130	131	136	139	143	146	149	153	128.3	19.0%	2.6%
Wholesale Egg Price, Ontario (c/doz.)	156	152	149	152	158	162	166	170	173	177	181	152.5	18.7%	2.3%
Retail Egg Price, Ontario (c/doz.)	176	177	174	174	176	179	182	186	189	193	197	175.4	12.2%	1.9%
Processed Egg Supply-Disposition ('000 boxes of 15 dozen)														
Production	5717	6339	6783	7190	7317	8084	8601	9182	9757	10309	10904	6507.4	67.6%	6.9%
Imports	825	1075	1391	1348	1350	1350	1350	1350	1350	1350	1350	1159.9	16.4%	0.0%
Disappearance	4775	5610	5539	6128	6317	6924	7393	7925	8453	8956	9503	5513.0	72.4%	7.0%
Exports	1832	1897	2353	2419	2461	2510	2558	2606	2655	2703	2751	2125.3	29.5%	1.9%
Ending Stocks	350	258	540	531	420	420	420	420	420	420	420	419.5	0.1%	0.0%
Breaker Egg Price, Ontario (c/doz.)	72	67	51	56	64	59	59	59	59	61	63	61.4	2.3%	-0.2%
Producer Price of Shell Eggs in USA (US cents/doz.)	84.0	78.5	68.1	68.3	75.3	71.4	73.0	73.0	73.8	75.9	77.8	74.7	4.1%	0.5%
Breaker Egg Levy (c/doz.)	14.2	15.5	16.9	19.3	16.6	17.5	19.6	21.1	22.6	23.9	25.2	16.5	52.9%	7.1%

Historical Data Sources: Marketing Boards; Agriculture and Agri-Food Canada - Poultry Market Review

Table B.23: Canadian dairy sector (Dairy year)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Total Milk Production (Mhl)	79.4	79.9	78.9	80.9	82.0	82.0	82.6	83.6	84.1	84.5	84.9	79.8	6.4%	0.6%
P9 Milk Price ($/hl)	54.1	55.5	56.0	58.3	59.6	60.0	60.8	61.1	61.6	62.3	62.8	56.0	12.1%	0.9%
Fluid Sector Supply-Disposition (Mhl)														
Production	31.0	31.3	31.5	31.4	32.4	32.3	32.4	32.7	32.9	33.0	33.0	31.3	5.6%	0.3%
Standard Milk Sales	4.5	4.4	4.2	4.0	3.9	3.8	3.6	3.4	3.3	3.2	3.1	4.3	-28.5%	-4.1%
Low-Fat Milk Sales[1]	22.3	22.4	22.4	22.4	22.6	22.6	22.8	23.1	23.3	23.4	23.5	22.4	4.9%	0.6%
Cream Sales[2]	6.8	7.4	7.9	8.1	8.2	8.3	8.4	8.6	8.7	8.8	8.9	7.6	17.9%	1.5%
Skim-off cream to industrial sector	9.4	9.2	9.5	9.6	9.9	10.0	10.2	10.4	10.6	10.7	10.9	9.4	16.0%	1.7%
Fluid Price - Ontario ($/hl)	61.0	62.8	63.0	64.9	65.5	66.1	67.2	67.7	68.3	69.0	69.5	62.9	10.5%	1.0%
Industrial Milk Supply (Mhl)	48.4	48.6	47.4	49.5	49.6	49.7	50.2	50.9	51.2	51.5	51.8	48.5	6.9%	0.7%
Market Share Quota	42.9	44.7	45.3	45.5	46.6	46.9	47.4	48.0	48.3	48.4	48.7	44.6	9.3%	0.8%
- Butterfat Basis	42.9	44.7	45.3	45.5	46.6	46.9	47.4	48.0	48.3	48.4	48.7	44.6	9.3%	0.8%
- Solids non-fat Basis	42.3	42.1	43.0	43.0	44.2	44.6	44.9	45.3	45.6	45.8	46.0	42.6	8.1%	0.7%
Milk for Export	5.5	3.9	2.2	4.0	3.0	2.8	2.8	2.9	2.9	3.0	3.1	3.9	-20.7%	0.2%
- Subsidized Exports (5D)	0.0	0.0	3.9	1.3	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	-9.6%	1.3%
- Unsubsidized Exports	0.0	0.0	1.9	2.7	2.0	1.7	1.6	1.7	1.7	1.8	1.9	1.2	65.3%	-0.4%
Gross Target Return ($/hl)	55.0	55.7	56.2	57.3	57.8	58.5	59.4	59.9	60.4	61.1	61.5	56.0	9.8%	1.0%
Direct Subsidy ($/hl)	3.4	2.7	1.9	1.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	2.3	-100.0%	-100.0%
Assumed Processing Margin ($/hl)	8.2	8.3	8.3	8.3	8.3	8.3	8.4	8.5	8.6	8.7	8.9	8.3	7.4%	1.1%
Butter Supply-Disposition (kt)														
Production	86.2	89.5	78.7	83.8	84.6	84.5	86.6	88.4	89.1	89.6	90.0	84.5	6.4%	1.0%
Imports	2.8	3.2	6.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.9	-16.0%	0.0%
Disappearance	85.3	78.5	81.8	85.0	85.5	86.7	88.0	89.1	90.3	91.7	93.4	82.7	13.0%	1.5%
Exports	11.0	4.3	1.8	0.0	0.1	0.2	0.3	0.4	0.5	0.5	0.5	4.3	-88.3%	30.8%
Ending Stocks	17.1	26.3	24.5	23.6	22.9	20.7	19.3	18.5	17.1	14.8	11.1	22.9	-51.4%	-11.3%
Wholesale Butter Support Price ($/kg)	5.36	5.43	5.50	5.57	5.62	5.67	5.72	5.77	5.82	5.87	5.92	5.5	8.3%	0.9%
Skim Milk Powder Supply-Disposition (kt)														
Production	66.0	80.5	69.8	72.2	64.9	63.4	66.0	67.7	67.6	67.0	66.6	72.1	-7.7%	0.4%
Disappearance	32.9	37.9	42.8	49.6	44.0	45.9	47.0	49.1	48.2	46.7	46.3	40.8	13.5%	0.9%
- through class 4M	0.0	0.0	0.0	4.4	0.3	1.9	2.6	4.3	3.0	1.2	0.3	1.1	-----	-0.3%
Exports	29.8	40.4	37.8	34.8	19.9	16.5	14.0	16.6	20.3	22.3	22.3	35.7	-37.6%	1.9%
Ending Stocks	26.2	28.4	17.6	6.0	7.0	8.0	13.0	15.0	14.0	12.0	10.0	19.5	-48.8%	6.1%
Wholesale Skim Milk Powder Support Price ($/kg)	4.32	4.47	4.60	4.68	4.82	4.94	5.04	5.08	5.13	5.19	5.24	4.5	16.0%	1.4%

Historical Data Sources: Statistics Canada - CANSIM; Canadian Dairy Commission; Agriculture and Agri-Food Canada - Dairy Market Review, Internal calculations

Notes: 1. Low fat milk includes 2%, 1%, skim milk, buttermilk and chocolate milk.

2. Cream includes table cream, whipping cream, sour cream, and cereal cream.

Table B.23: Canadian dairy sector (Dairy year) (continued)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Cheddar Cheese Supply-Disposition (kt)														
Production	127.4	127.3	132.6	132.3	133.1	133.3	133.9	135.8	136.9	138.3	139.5	129.9	7.4%	0.8%
Imports	1.6	2.1	1.0	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	1.6	51.7%	4.7%
Disappearance	116.8	119.2	120.3	121.3	122.0	123.2	124.1	125.6	126.8	127.9	129.0	119.4	8.0%	0.9%
Exports	11.4	11.6	9.9	11.3	12.8	11.8	11.6	11.9	12.1	12.4	12.6	11.0	14.6%	-0.2%
Ending Stocks	35.5	34.1	37.5	39.0	39.2	39.6	39.9	40.4	40.7	41.1	41.4	36.5	13.5%	0.9%
Wholesale Cheddar Cheese Price ($/kg)	7.07	7.26	7.23	7.62	7.85	8.09	8.33	8.55	8.78	9.03	9.28	7.3	27.2%	2.8%
Specialty Cheese Supply-Disposition (kt)														
Production	204.1	201.5	195.2	209.2	211.1	213.5	215.8	220.2	223.1	226.4	229.2	202.5	13.2%	1.4%
Imports	18.2	19.3	22.6	18.6	18.5	18.4	18.3	18.2	18.1	18.0	17.9	19.7	-8.8%	-0.5%
Disappearance	210.0	206.8	208.6	211.0	211.9	215.2	217.7	221.5	223.8	226.2	228.4	209.1	9.3%	1.3%
Exports	11.6	12.7	10.0	16.9	19.0	16.7	16.4	17.0	17.4	18.2	18.7	12.8	45.8%	-0.3%
Ending Stocks	13.3	14.5	13.8	13.8	12.5	12.5	12.5	12.5	12.5	12.5	12.5	13.8	-9.7%	0.0%
Ice Cream Supply-Disposition (kt)														
Production	223.4	210.6	207.7	208.4	207.2	208.7	207.1	206.6	205.6	204.7	203.8	212.5	-4.1%	-0.3%
Imports	0.5	0.7	0.9	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1	0.7	57.1%	4.9%
Disappearance	220.2	202.9	200.0	203.2	202.1	203.6	202.0	201.6	200.7	199.8	198.9	206.6	-3.7%	-0.3%
Exports	3.3	8.4	8.6	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.6	-8.7%	0.0%
Wholesale Ice Cream Price , ($/kg)	2.84	2.87	2.76	2.74	3.07	3.22	3.36	3.50	3.65	3.81	3.98	2.8	42.0%	4.4%
Yogurt Supply-Disposition (kt)														
Production	108.7	122.1	138.9	147.1	161.1	163.7	166.1	169.4	172.2	175.0	177.7	129.2	37.6%	1.7%
Imports	0.3	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	-11.6%	0.0%
Disappearance	108.9	122.5	139.3	147.2	161.1	163.7	166.2	169.4	172.3	175.0	177.7	129.4	37.3%	1.6%
Exports	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.1	148.5%	0.0%

Historical Data Sources: Statistics Canada - CANSIM; Canadian Dairy Commission; Agriculture and Agri-Food Canada - Dairy Market Review, Internal calculations

Table B.24: Agri-food trade

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Exports ($m)														
Grains	6390	4386	3959	4297	4222	4212	4362	4549	4583	4643	4713	4758	-0.9%	1.9%
Grain Products	1179	1354	1534	1681	1888	2007	2075	2167	2275	2396	2529	1437	76.0%	5.0%
Animal Feeds	892	823	766	785	705	620	659	733	730	735	733	816	-10.2%	0.6%
Dried Pulses	566	661	788	825	866	915	949	995	1009	1063	1152	710	62.2%	4.9%
Oilseeds	1957	2481	1884	1706	1800	1783	2053	2327	2509	2621	2678	2007	33.4%	6.8%
Oilseed Products	1135	1398	1007	751	825	739	851	931	995	1005	976	1072	-9.0%	2.8%
Live Animals Excluding Poultry	1870	1939	1520	1692	1765	2042	2187	2446	2479	2500	2544	1755	44.9%	6.3%
Red Meats	2464	2484	3052	3757	4147	4546	4496	4808	4899	4954	4872	2939	65.8%	2.7%
Other Animal Products	713	668	631	667	750	760	751	776	800	822	846	670	26.3%	2.0%
Dairy Products	373	416	365	288	337	333	318	335	356	384	406	360	12.7%	3.2%
Poultry & Eggs	180	192	185	209	237	245	250	256	262	268	275	191	43.6%	2.5%
Fruit & Nuts	302	318	356	375	401	423	448	471	495	518	542	338	60.6%	5.1%
Vegetables Excluding Potatoes	434	593	665	763	850	962	1023	1098	1153	1210	1282	614	108.9%	7.1%
Potatoes & Products	502	673	774	852	933	1041	1117	1159	1202	1280	1366	700	95.1%	6.6%
Seeds For Sowing	168	180	178	169	167	163	161	159	158	157	157	174	-9.5%	-1.0%
Maple Products	104	113	110	105	103	102	102	102	104	106	108	108	-0.6%	0.8%
Vegetable Fibres	31	36	35	32	31	32	34	36	39	43	48	34	41.7%	7.2%
Plantation Crops	407	559	546	576	616	665	705	751	794	844	910	522	74.4%	6.7%
Floriculture & Nursery Products	280	360	392	448	452	453	456	458	460	461	462	370	24.9%	0.4%
Essential Oils	11	14	15	17	17	18	19	20	21	21	22	15	54.6%	5.2%
Alcoholic Beverages	817	864	968	1022	1025	1064	1103	1143	1182	1221	1260	918	37.3%	3.5%
Other Beverages Excluding Juices	387	447	465	391	466	506	540	581	632	683	744	422	76.2%	8.1%
Other Agri-Food	1320	1611	1622	1695	1829	1950	2097	2232	2356	2505	2768	1562	77.2%	7.1%
Total Agri-Food Exports	22482	22568	21818	23102	24432	25579	26755	28531	29493	30441	31393	22493	39.6%	4.3%
Total Agri-Food Imports	14965	16348	16501	17408	18133	18713	19234	20026	20754	21494	22482	16305	37.9%	3.6%
Total Agri-Food Net Exports	7517	6220	5317	5694	6300	6866	7521	8506	8739	8947	8911	6187	44.0%	6.0%

Historical Data Sources: Statistics Canada-CANSIM; Agriculture and Agri-Food Canada, Internal calculations.

Table B.25: Canadian farm input prices (base year = 1992)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Retail Price Indexes and % change														
Building and Fencing (Wt=4.48)	118.9	117.1	123.1	120.0	118.7	120.4	122.0	123.5	125.0	126.6	128.3	119.8	7.1%	1.3%
	2.8%	-1.5%	5.1%	-2.5%	-1.0%	1.4%	1.3%	1.2%	1.3%	1.3%	1.3%			
Machinery Replacement (Wt=8.16)	127.5	132.4	137.2	145.6	148.1	150.9	153.9	156.7	159.7	162.8	165.9	135.7	22.3%	1.9%
	3.7%	3.8%	3.6%	6.1%	1.7%	1.9%	2.0%	1.8%	1.9%	1.9%	1.9%			
Petroleum Products (Wt=5.03)	118.1	106.3	99.7	133.5	131.0	129.7	128.4	131.1	133.5	135.8	138.2	114.4	20.8%	0.9%
	3.0%	-10.0%	-6.2%	33.9%	-1.9%	-1.0%	-1.0%	2.2%	1.8%	1.8%	1.8%			
Machinery Repair (Wt=5.79)	115.8	119.8	122.3	130.8	135.2	139.3	142.3	145.4	148.5	151.7	155.0	122.2	26.9%	2.3%
	2.1%	3.5%	2.1%	7.0%	3.4%	3.0%	2.2%	2.1%	2.1%	2.2%	2.2%			
Seed (Wt=2.85)	127.8	131.0	129.4	121.4	130.6	137.1	136.3	139.4	141.1	143.0	143.5	127.4	12.7%	1.6%
	0.6%	2.5%	-1.2%	-6.2%	7.5%	5.0%	-0.6%	2.2%	1.2%	1.4%	0.4%			
Fertilizer (Wt=5.51)	135.9	128.7	125.5	125.1	135.6	136.3	137.7	139.8	142.1	143.7	145.4	128.8	12.9%	1.2%
	-5.6%	-5.3%	-2.5%	-0.3%	8.4%	0.5%	1.0%	1.5%	1.7%	1.1%	1.2%			
Pesticides (Wt=2.93)	114.5	117.0	118.0	119.4	120.2	120.9	121.5	122.1	122.7	123.2	123.8	117.2	5.6%	0.5%
	2.1%	2.2%	0.9%	1.2%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%			
Twine (Wt=0.62)	124.3	126.0	124.2	127.7	130.2	132.5	134.5	136.4	138.2	140.1	142.2	125.6	13.3%	1.5%
	2.2%	1.3%	-1.4%	2.8%	2.0%	1.8%	1.5%	1.4%	1.4%	1.4%	1.5%			
Feeder Cattle (Wt=13.23)	106.0	114.9	125.2	144.6	158.4	162.4	154.0	150.6	142.9	133.3	124.7	122.7	1.7%	-3.9%
	30.0%	8.4%	9.0%	15.5%	9.6%	2.5%	-5.2%	-2.3%	-5.1%	-6.7%	-6.4%			
Weaners (Wt=1.22)	151.4	100.4	95.2	126.3	126.7	117.2	104.3	116.1	111.0	105.0	105.5	118.3	-10.8%	-3.0%
	2.3%	-33.7%	-5.2%	32.7%	0.4%	-7.5%	-11.0%	11.4%	-4.4%	-5.4%	0.4%			
Feed (Wt=11.99)	139.3	120.9	109.7	111.7	120.2	126.2	125.9	126.1	126.2	126.4	126.8	120.4	5.3%	0.9%
	-6.2%	-13.2%	-9.3%	1.8%	7.7%	4.9%	-0.2%	0.1%	0.1%	0.2%	0.3%			
Veterinary Service (Wt=1.16)	127.9	128.1	133.1	134.5	140.5	145.6	149.6	153.9	158.0	162.0	166.0	130.9	26.9%	2.8%
	2.0%	0.2%	3.9%	1.1%	4.5%	3.6%	2.7%	2.9%	2.7%	2.5%	2.5%			
Small Tools (Wt=3.27)	102.8	103.5	104.7	107.8	108.3	108.8	109.4	110.0	110.6	111.1	111.7	104.7	6.7%	0.5%
	-0.3%	0.7%	1.2%	3.0%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%			

Historical Data Sources: Statistics Canada - CANSIM; Agriculture and Agri-Food Canada - Internal calculations

Note: 1. Reported weights for the input price indices are those assigned by Statistics Canada to calculate the farm input price index.

Table B.25: Canadian farm input prices (base year = 1992) (continued)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Electricity (Wt=1.91)	112.5	110.5	111.6	123.4	121.6	120.6	120.9	121.7	123.0	124.3	124.8	114.5	9.0%	0.4%
	0.1%	-1.8%	1.0%	10.6%	-1.5%	-0.8%	0.3%	0.6%	1.1%	1.1%	0.4%			
Custom Work (Wt=1.12)	122.8	124.0	127.1	131.0	132.9	134.9	136.9	138.9	140.9	143.0	145.2	126.2	15.0%	1.5%
	3.1%	1.0%	2.5%	3.1%	1.4%	1.5%	1.5%	1.4%	1.5%	1.5%	1.5%			
Hired Farm Labour (Wt=9.24)	113.6	115.4	113.3	118.0	121.5	124.7	127.4	129.9	132.5	135.1	138.0	115.1	19.9%	2.1%
	3.0%	1.6%	-1.8%	4.1%	2.9%	2.6%	2.2%	2.0%	2.0%	2.0%	2.1%			
Property Taxes (Wt=1.66)	118.5	111.1	113.8	114.2	114.8	114.3	115.2	115.6	115.9	116.1	116.2	114.4	1.6%	0.2%
	1.7%	-6.3%	2.4%	0.4%	0.5%	-0.4%	0.8%	0.3%	0.3%	0.2%	0.1%			
Land Rent (Wt=3.46)	132.0	122.3	120.5	118.7	120.8	119.3	122.9	123.8	125.0	125.8	126.1	123.4	2.2%	0.7%
	-6.4%	-7.3%	-1.5%	-1.5%	1.8%	-1.2%	3.0%	0.8%	1.0%	0.6%	0.2%			
Interest (Wt=9.38)	86.1	86.4	87.6	94.3	89.8	93.0	93.0	92.3	92.0	91.7	91.5	88.6	3.2%	0.3%
	-3.7%	0.4%	1.4%	7.6%	-4.8%	3.5%	0.0%	-0.7%	-0.3%	-0.3%	-0.3%			
Total (Wt=100)	119.7	116.6	117.0	124.0	127.9	130.5	130.3	131.3	131.5	131.5	131.7	119.3	10.4%	0.5%
	1.7%	-2.6%	0.3%	6.0%	3.2%	2.0%	-0.2%	0.8%	0.2%	0.0%	0.1%			

Historical Data Sources: Statistics Canada - CANSIM; Agriculture and Agri-Food Canada - Internal calculations

Note: 1. Reported weights for the input price indices are those assigned by Statistics Canada to calculate the farm input price index.

Table B.26: Canadian food prices (base year = 1992)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Retail Price Indexes and % change														
Total Food	107.55	109.30	110.72	112.24	115.60	117.60	118.66	120.81	122.67	124.44	126.22	110.0	14.8%	1.5%
	1.5%	1.6%	1.3%	1.4%	3.0%	1.7%	0.9%	1.8%	1.5%	1.4%	1.4%			
Food from Restaurants	108.10	110.28	112.38	114.75	116.95	119.50	121.59	124.35	127.12	129.88	132.69	111.4	19.1%	2.1%
	1.7%	2.0%	1.9%	2.1%	1.9%	2.2%	1.8%	2.3%	2.2%	2.2%	2.2%			
Food from Stores	107.47	109.15	110.29	111.47	115.08	116.86	117.53	119.44	120.95	122.33	123.71	109.6	12.9%	1.2%
	1.5%	1.6%	1.0%	1.1%	3.2%	1.5%	0.6%	1.6%	1.3%	1.1%	1.1%			
Meat	111.17	109.42	110.15	115.29	116.67	117.24	115.57	117.75	118.19	118.27	118.17	111.5	6.0%	0.2%
	3.0%	-1.6%	0.7%	4.7%	1.2%	0.5%	-1.4%	1.9%	0.4%	0.1%	-0.1%			
Dairy Products	106.15	108.69	109.95	111.78	116.61	120.16	123.99	127.56	131.41	135.45	139.70	109.1	28.0%	3.1%
	2.7%	2.4%	1.2%	1.7%	4.3%	3.0%	3.2%	2.9%	3.0%	3.1%	3.1%			
Bakery Products	114.29	114.00	114.97	114.57	119.59	120.36	120.90	121.99	123.35	124.74	126.11	114.5	10.2%	0.9%
	2.4%	-0.3%	0.8%	-0.3%	4.4%	0.6%	0.4%	0.9%	1.1%	1.1%	1.1%			
Fruit	95.00	99.43	102.47	97.14	104.39	109.66	111.90	114.01	116.49	118.60	120.93	98.5	22.8%	2.5%
	-2.4%	4.7%	3.1%	-5.2%	7.5%	5.1%	2.0%	1.9%	2.2%	1.8%	2.0%			
Vegetables	93.61	104.78	102.25	104.26	109.44	109.86	109.95	110.23	110.62	110.86	110.97	101.2	9.6%	0.2%
	3.1%	11.9%	-2.4%	2.0%	5.0%	0.4%	0.1%	0.3%	0.3%	0.2%	0.1%			
Sugar & Sugar Preparations	147.74	167.57	166.61	166.18	165.59	165.24	165.08	165.06	165.15	165.38	165.69	162.0	2.3%	0.0%
	7.3%	13.4%	-0.6%	-0.3%	-0.4%	-0.2%	-0.1%	0.0%	0.1%	0.1%	0.2%			
Fats & Oils	114.27	117.21	122.08	121.45	117.35	119.10	121.23	123.51	125.81	127.86	129.68	118.8	9.2%	1.7%
	0.9%	2.6%	4.2%	-0.5%	-3.4%	1.5%	1.8%	1.9%	1.9%	1.6%	1.4%			

Historical Data Sources: Statistics Canada - CANSIM.

Table B.27: Canadian per capita consumption

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Average 1997-2000	%Chg. 2007: 1997-2000 Average	Growth rate 2001-2007
Meat (kg)	86.5	89.5	92.8	92.4	91.4	91.7	93.3	93.7	94.9	95.9	97.4	90.3	7.8%	1.0%
Beef	31.2	31.7	32.4	31.2	30.1	29.2	29.4	29.4	29.8	30.3	31.2	31.6	-1.5%	0.6%
Pork	25.3	27.2	28.1	27.7	27.8	27.8	28.1	27.7	27.6	27.7	27.9	27.1	3.1%	0.1%
Chicken	25.6	26.3	28.0	29.1	29.4	30.5	31.5	32.4	33.2	33.7	34.1	27.2	25.1%	2.5%
Turkey	4.4	4.4	4.3	4.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.4	-3.4%	0.0%
Eggs (doz)	13.1	12.9	13.2	13.4	13.4	13.4	13.4	13.5	13.6	13.6	13.7	13.1	4.0%	0.4%
Whole Milk (l)	15.0	14.4	13.8	13.1	12.7	12.0	11.3	10.8	10.3	9.8	9.4	14.1	-33.2%	-4.9%
Low-fat Milk (l)	74.0	73.7	73.3	72.7	72.8	72.2	72.1	72.5	72.5	72.4	72.0	73.4	-1.9%	-0.2%
Cream (l)	22.7	24.5	25.9	26.2	26.3	26.5	26.6	26.9	27.1	27.2	27.4	24.8	10.3%	0.7%
Butter (kg)	2.8	2.6	2.7	2.8	2.7	2.8	2.8	2.8	2.8	2.8	2.9	2.7	5.6%	0.7%
Cheese (kg)	10.9	10.8	10.8	10.8	10.7	10.8	10.8	10.9	10.9	11.0	11.0	10.8	1.7%	0.4%
Ice Cream (kg)	7.3	6.7	6.5	6.6	6.5	6.5	6.4	6.3	6.3	6.2	6.1	6.8	-10.0%	-1.0%
Yogurt (kg)	3.6	4.0	4.6	4.8	5.2	5.2	5.3	5.3	5.4	5.4	5.5	4.2	28.5%	0.9%

Historical Data Sources: Statistics Canada - CANSIM; Agriculture and Agri-Food Canada - Internal calculations