medium term policy baseline

international and domestic markets

September 2000

Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

MEDIUM TERM POLICY BASELINE

INTERNATIONAL AND DOMESTIC MARKETS

Research and Analysis Directorate
Strategic Policy Branch

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Acronyms

ABARE	Australian Bureau of Agriculture and Resource Economics
AAFC	Agriculture and Agri-Food Canada
CAP	Common Agricultural Policy
CPI	Consumer Price Index
CRP	Conservation Reserve Program
FAIR	Federal Agriculture Improvement and Reform Act
FAPRI	Food and Agricultural Policy Research Institute
GDP	Growth Domestic Product
GHGs	Greenhouse Gases
GMOs	Genetically modified organisms
LDP	Loan Deficiency Payment
MERCOSUR	"Mercado Comun del Sur" meaning "Common Market of the South"
OECD	Organisation for Economic Co-operation and Development
PFC	Production Flexibility Contract
TRQ	Tariff Rate 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 Agriculture and Agri-Food Canada (AAFC)'s medium term policy baseline covering the period 2000–2006. This baseline is an attempt to outline a plausible future for the international and domestic agri-food sectors. This outline 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 judgements and works out their implications. Since it holds policies constant according to 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 farther out the prediction is in the future, the wider the confidence interval surrounding the particular number reported. The projection for wheat production for 2006, for example, has a 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 draws on the work of several agencies. The international baseline is based on the AGLINK model and the Organisation for Economic Co-operation and Development (OECD)'s "*Agricultural Outlook 2000–2005*." World macroeconomic assumptions are based on projections embedded in this publication. Other outlooks were consulted during the preparation of this baseline: the Australian Bureau of Agricultural and Resource Economics (ABARE)'s "*Outlook 2000*," the Food and Agricultural Policy Research Institute (FAPRI)'s "*2000 World Agricultural Outlook*," and the United States

Department of Agriculture (USDA)'s "*Long Term Agricultural Projections to 2009*." Canadian macro-economic projections to 2004 are taken from the Conference Board of Canada's spring 2000 forecast. This baseline incorporates information available until June 2000.

Macroeconomic, red meat, poultry, food and farm input 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, the Canadian crop year is September to August. Dairy data are reported by dairy year. The Canadian dairy year is August to July while the U.S. dairy year is February to January.

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 website at *www.agr.ca/policy/epad*.

Executive summary

Increasingly, the external environment is challenging the functioning of the Canadian agri-food sector. Agriculture and Agri-Food Canada's seven-year medium term policy baseline projection illustrates how both global and domestic forces are impacting this sector. 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.

There are eight major features of the baseline:

- A macroeconomic environment characterized by continued but modest world economic growth. Growth is redistributed in favour of east Asia and developing countries, while the current robust growth in North America subsides. The strength of the U.S. dollar relative to the euro over the baseline is an important element. The Canadian economy is projected to experience modest growth, inflation and interest rates (2.4 percent, 2.5 percent, and 6.5 percent respectively in 2006). The Canadian exchange rate improves to the $US 0.74 range from the current level of $US 0.68.

- Despite the achievements of the Uruguay Round Agreement on Agriculture (URAA), the policies of the countries of the Organisation for Economic Cooperation and Development (OECD) continue to affect markets significantly. Canadian policy transfers to producers are assumed to remain near current levels. A review of the EU Common Agricultural Policy in 2003, U.S. farm legislation in 2002, and the current World Trade Organization (WTO) negotiations in agriculture and services will show the

uncertainties for agricultural markets and the baseline. This baseline extends the key components of these policies and agreements through 2006/2007.

- World markets for cereals and oilseeds recover modestly from their current cyclical trough position. Without a major shortfall in a main producing region, or a significant policy change in large markets such as China, the European Union, or the United States, improvements in crop prices are limited. A more balanced world production-consumption situation for wheat, coarse grains and oilseeds tightens stock-to-use ratios and improves price prospects over the baseline. Developing country markets are a major source of demand growth.

- The structure of primary agricultural production is changing. At world levels, rice and wheat shares of agricultural production are declining, while oilseed, livestock, poultry and dairy production are increasing. This production situation is also true in North America, which has changed from a large net meat importing region 15 years ago to one of the largest meat exporting regions in the world. In Canada, the large increase in livestock production since the removal of the Western Grain Transportation Act is striking. Production of cattle and hogs (on a meat equivalent basis) in 2006 is projected to be 56 percent above the 1995 level. The increase in livestock production has placed a limit on the growth of bulk grain exports as feed demand has intensified. In the absence of acreage reallocation, increased pressure will be placed on feedgrain supplies in Western Canada.

- Ongoing changes continue to shape the international oilseed market as worldwide production continues to expand. High U.S. soybean loan rates, relative to world prices, continue to boost production. Brazil, in particular, has significantly increased production as a result of policy reforms that have taken place over the past decade. The expansion of palm oil supplies from East Asia will influence oilseed markets which are highly dependent on vegetable oil prices. In Canada, the rapid rise in oilseed area that occurred in the 1990s will fall back modestly in the short term because of intensified global competition.

- Supply managed markets in Canada continue to be isolated from world market developments, but linkages are increasing as trade rules become clearer and the industry adapts to them. Both prices and production in the milk and poultry sectors improve with higher domestic demand. The demand for more diversified high value products offers the opportunities for expansion.

- For Canada, the adjustment to higher value-added farm production, such as feeding and slaughtering more livestock, will continue. There will also be growth in higher value trade as multinational firms establish within the context of the North American economy. However, continued primary market pressure exists as processing and retailing take higher portions of the food dollar. Consumer prices for food will increase as will prices of other goods.
- Farm input markets will not constrain farm production, nor will they pressure farm structures. Energy costs will decrease from the current high levels. Real borrowing costs should remain at moderate levels.

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, beef, pork, poultry, dairy, and farm input prices and consumer price indexes. For most sectors, the international markets are described first and then the domestic markets.

There are two appendixes. Appendix A gives a comparison of international price projections while Appendix B presents 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 2000–2006.

Macro-economic assumptions

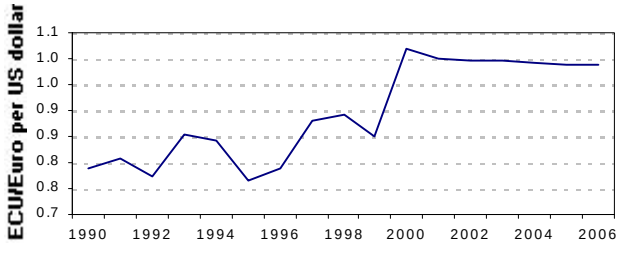
International

The world economy is projected to increase throughout the baseline period (2000–2006), according to the "Agricultural Outlook 2002–2005" of the Organisation for Economic Co-operation and Development (OECD). In the emerging economies of Latin America, Eastern Europe and Asia (i.e. Argentina, Brazil, Mexico, Poland, China, and Korea), real Gross Domestic Product (GDP) growth is projected to remain strong throughout the baseline period. However, in North America (i.e. the United States and Canada), the pace of economic activity is likely to slow down. Despite the recent doubling of oil prices, inflation rates are likely to be low in the developed economies as a result of the increased labour productivity and the projected slowdown of economic activity.

The euro (the new EU currency) is projected to stabilize at $0.99 per U.S. dollar during the latter part of the baseline period (following its devaluation to its weakest value of $1.02 per U.S. dollar in 2000). The euro will remain weaker than during the 1996-1999 period, where it hovered between $0.79 and $0.89 per U.S. dollar (Box 1 below and Table B.1: "Economic assumptions," on page B-2). As a result, EU commodities will be more competitive over the baseline period.

Box 1: Relatively Weak European Currency

In the past few years, the EU has been responsible for over 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 without subsidy many of its products. But a very important factor has been the devaluation of the euro relative to the U.S. dollar. Since the mid-1990s, the euro has devalued about 25 percent, much of this after the monetary union of January 1999. This devaluation has changed significantly the outlook for EU unsubsidized exports, and the participation of the EU in world cereal, pork and dairy product export markets.

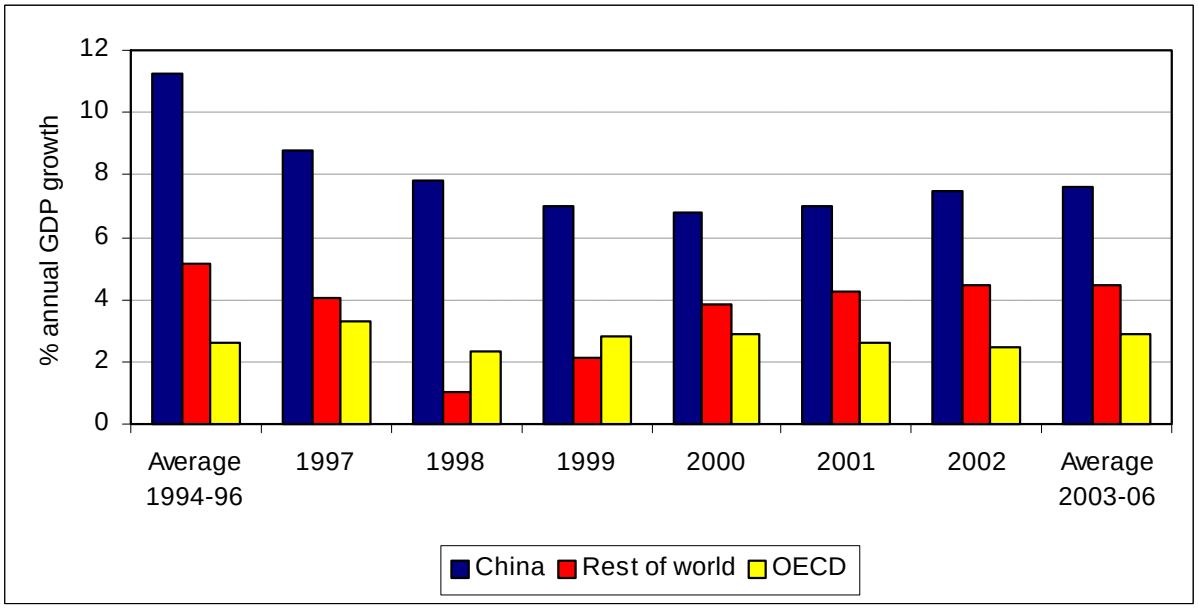


According to the OECD's "Agricultural Outlook 2000–2005," U.S. economic growth will taper off from its exceptional performance in the previous years. For the baseline period, the U.S. real GDP is projected to grow at annual rates ranging from 2.0 percent to 3.5 percent, compared to the 4.1 percent average rate of growth registered during the 1996–1999 period. This projected slowdown in the U.S. growth rate reflects government measures aimed at avoiding inflationary conditions, which may result from wage pressure associated with an economy that has been operating near full capacity.

On average, the growth rate of real GDP in the EU is projected to reach its peak in 2000 at 2.8 percent, and then gradually decline to 2.2 percent by 2004, after which it will remain at 2.3 percent in 2005 and 2006. The medium-term prospects for Japan call for positive growth of the economy throughout the baseline period. However, with the anticipated annual growth rates of real GDP in the range of 1.2–2.2 percent, Japan's performance will remain below the pace of economic activity in the other major industrialized countries.

The economic recovery in Latin America, Eastern Europe and Asia appears to be on a solid footing as the key emerging economies in these regions are projected to expand at annual rates of real GDP growth in the range of 4.5–7.5 percent over the medium term. For example, the real GDP growth in China is projected to average 7.4 percent annually over the baseline period, while Poland, Korea, Mexico and the rest of the world (Table B.1: "Economic assumptions," on page B-2) will experience 5.3, 5.4, 4.5 and 4.4 percent average annual rates of growth respectively. These anticipated strong rates of economic growth are likely to result in higher levels of imports of food commodities over the medium term, given the higher propensity to spend extra income on food.

Figure 1: GDP Growth



The ability for these emerging economies to raise their level of imports of food commodities will also be affected by changes in their purchasing power expressed in U.S. dollars. Based on our calculations (Figure 2), the return to the level of purchasing power preceding the recent economic crisis will vary significantly among the different countries. Since 1999, Mexico has achieved a purchasing power level comparable to the 1994 pre-crisis level. In contrast, Indonesia experienced a severe economic downturn in 1998 and is not projected to reach its previous level of purchasing power in 2006.

Figure 2: Return to purchasing power before the crises

Country	Crises	Return
Mexico	1995	1999
Thailand	1998	2005
Malaysia	1998	2005
South Korea	1998	2004
Brazil	1999	>2006
Russia	1999	>2006
Indonesia	1998	>2006

Domestic

The Canadian economy is performing well with a 4.2 percent rate of growth in real GDP in 1999. This performance is partially due to the strong economic activity that has prevailed in the United States. Based on the projection of the Conference Board of Canada, U.S. economic growth will decelerate, which will cause slower growth in real GDP in Canada. The rate will fall from 3.9 percent in 2000 to 2.6 percent in 2004 (Table B.12: "Canadian macroeconomy," on page B-15).[1] With the exchange rate projection of $0.69 for 2000 (compared to $0.67 in 1999), the Canadian dollar is projected to continue appreciating through the baseline period, reaching $0.74 in 2006 (Table B.12). 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 in the range of 1.9 to 2.5 percent over the medium term.

1. Tables 2 to 11 in Appendix B present the international agriculture market projections.

Market structure

Market structure assumptions

In this part, we discuss the factors which affect the structure of many agricultural markets and which are not sector specific. The discussion includes assumptions about six topics: genetically modified organisms, organic food, greenhouse gases, concentration in the agri-food industry, 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 (GMOs)

In recent years, the development of new cereal varieties containing GMOs has expanded rapidly, especially in Canada, the United States and Argentina. This expansion raises a number of questions pertaining to productivity, yield, international trade, and consumer demand. Since consensus is limited, we made three simplifying assumptions. It was assumed that GMOs would not modify historic productivity and yield trends. If this assumption proves false (i.e. GMOs increase productivity either through lower costs of production or higher yields), then world market prices would be lower than those presented in the baseline. It was assumed that consumers do not resist GMOs and consequently, segregation is not required. If this is not the case, then the handling cost of cereals and oilseeds would likely have to increase because of the need to segregate. This cost could be significant in cases where more than one type of GMO is produced, as in the case of canola. Finally, it was assumed that GMOs would not be the subject of trade disputes that could distort normal trading patterns leading to higher transaction costs.

Organic food

In many countries and for many products, organic food is moving from niche markets into more mainstream markets. This conversion occurs when major retail food stores decide to offer organic food to consumers. Specialty sections for organic food appear first, but as demand grows, organic food moves to regular sections and is differentiated by marketing logos which appear directly on the product.

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. One reason to differentiate organic food is simply that the definition of organic is not limited to the physical aspect. 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, changing 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, these new market relationships have a limited impact and are not taken into account in the analysis. Indications suggest that organic foods may become more mainstream products in a decade. However, 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 these products will remain a niche market.

Greenhouse gases

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

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

Indirectly, agriculture could be affected if soil is accepted as a carbon sink by the international community. Discussions are underway with many legal issues yet to be resolved. Accepting soil as a carbon sink gives land owners an option other than crop production. For the purpose of this baseline, no attempt is made to incorporate the Kyoto protocol.

Concentration in the agri-food industry

Many parts of the agri-food sector are experiencing a rapid rise in industry concentration throughout the food chain. It is a worldwide phenomenon and raises concerns over market power. In the baseline, it was assumed that the recent acquisition/merger phenomena do not change the evolution of the retail-to-farm price margin from its historical trend. In other words, the margin continues to increase but not more rapidly than the historical trend recorded since 1980.

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 existing agricultural policies in the United States and the EU will be reviewed in 2002 and 2003 respectively.

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 (reductions in domestic support, reductions in export subsidies and increased market access) in 2000 (or 2004) are maintained unchanged through the year 2006. 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

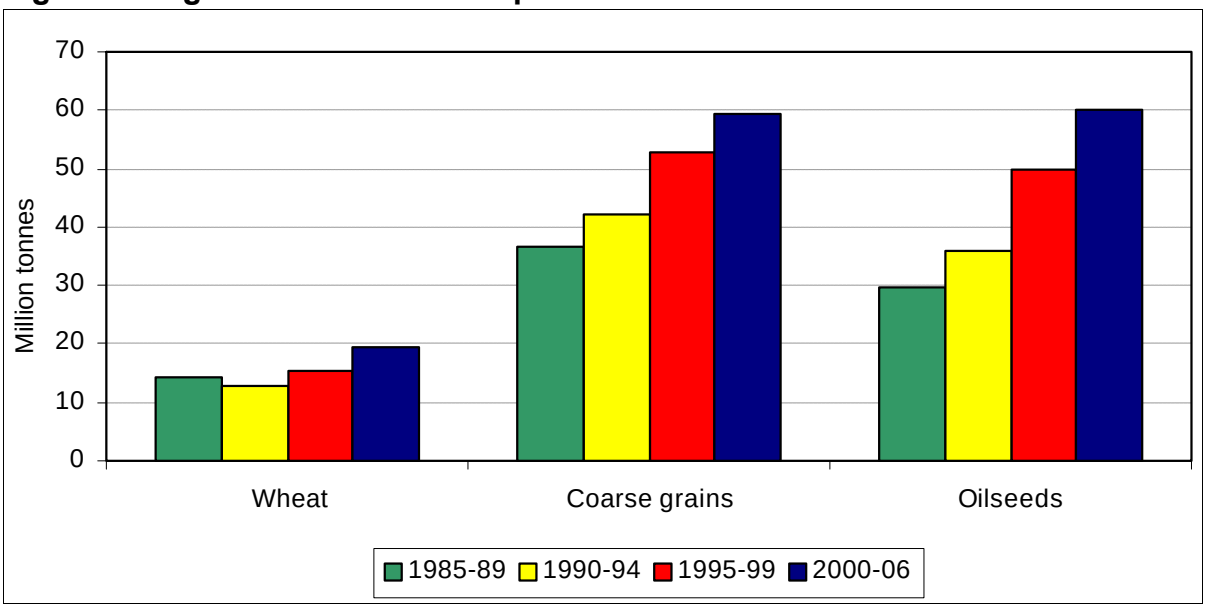
Important demand and supply side factors

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 flow of products between member countries, furthered the incentive for foreign investment, and benefited 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 have helped to bring domestic prices in line with world prices, which resulted in a re-distribution of agriculture resources from less efficient to more competitive agricultural sectors.

Rapid expansion of coarse grain and oilseed output was occurring prior to many of the domestic reforms that took place in the 1990s. With wheat, corn and soybean production already being competitive, these crops will continue to benefit from the more liberalized environment. As indicated in Figure 3, average production for wheat, coarse grains and oilseeds from 1995–1999 was 7, 44 and 67 percent, respectively, above the average levels for 1985–1989. We project continued expansion of crop production in Argentina and Brazil over the baseline period. Favourable wheat prices resulted at the end of the baseline in a 25 percent increase in wheat production above the average levels for 1995-1999 while for coarse grain and oilseed production increased by 13 and 21 percent respectively.

Figure 3: Argentine and Brazilian production

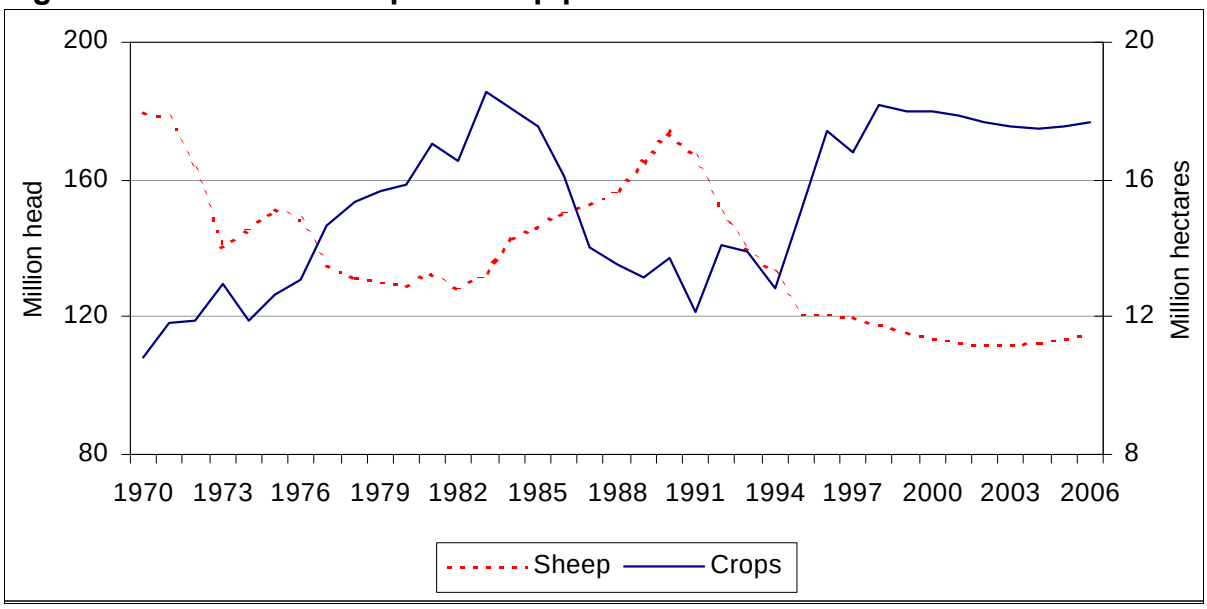


Some developments differentiate these two countries. Argentina continues to tax producers effectively by taxing raw soybean exports and giving rebates to meal and oil exports. Conversely, Brazil removed all taxes on the exports of soybeans in 1996. The removal of the export tax on soybeans encouraged their production and exports at the expense of processing and soybean meal exports. The recent devaluation of the Brazilian currency in January 1999, in the short term, increased the competitiveness of producers and processors in export markets (although the cost of imported inputs increased). From a production standpoint, continued improvements in yield potential are available 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 in Brazil's favour.

Australia: Increased grain and oilseed specialization

In addition to Australia being a major exporter in the international wheat market, 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. Increased productivity and higher yields, coupled with a wider range of planting options, continued to favour crop production over wool production, resulting in land usage shifting from pasture to grain production (Figure 4).

Figure 4: Australia—sheep and crop production



Australia, the world's leading producer of wool, experienced a rapid decrease in sheep numbers in the first half of the 1990s. This decrease was largely precipitated by the inability to maintain the funded 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 which expanded sheep inventories and wool production. However, in the early 1990s, a drop in demand coupled with excess wool supplies halved the prices, which ultimately reduced the herd.

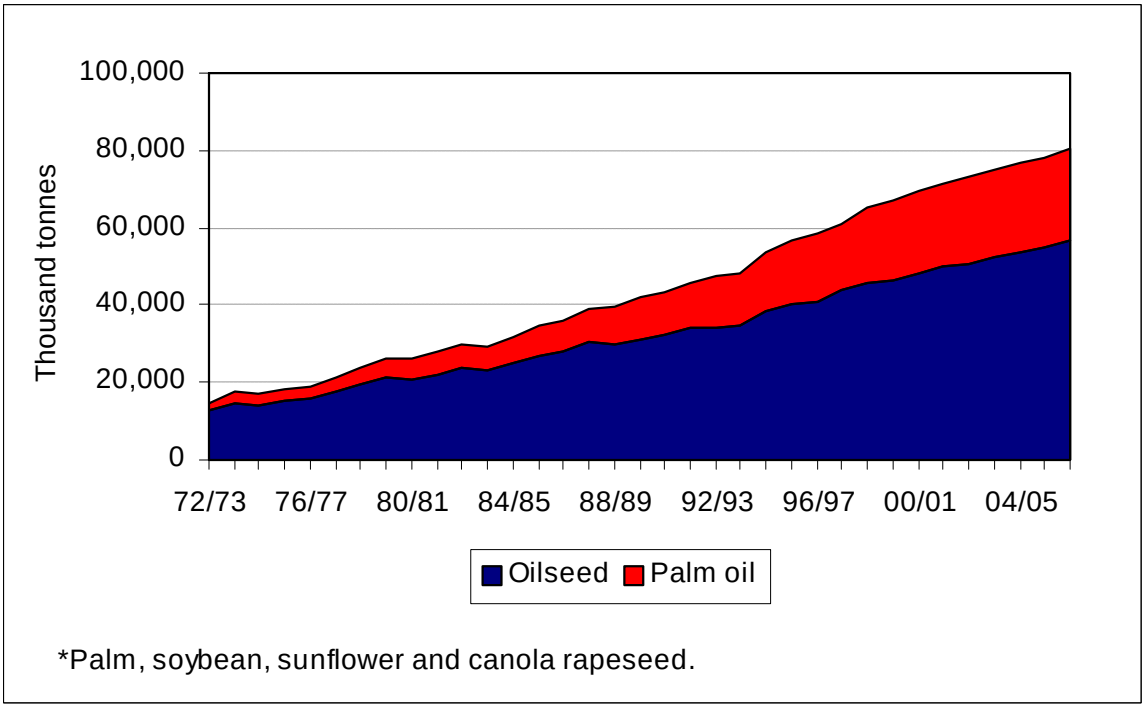
In the medium term, improved world economic growth will boost demand for high value clothing (including those made from wool), but a downward trend in wool demand and increased competition from other cheaper fibre sources will limit the prospects for wool production. Given the stagnant prospects for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

Indonesia and Malaysia: Increased palm oil supplies

A dramatic rise in the demand for vegetable oil resulted in a strong upward trend in vegetable oil production. The growth trends for the four major vegetable oils[2] show that production expanded dramatically from 15 million tonnes in the early 1970s to over 65 million tonnes by 1999/2000, an increase of over 400 percent (Figure 5). It is projected that this trend will continue as the world demand for the four major vegetable oils continues to grow (particularly in developing countries) reaching 80 million tonnes by 2006/2007.

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

Figure 5: World vegetable oil* production



*Palm, soybean, sunflower and canola rapeseed.

Over the medium term, it is projected that the growth in vegetable oil production, derived from the three major oilseeds (soybean, canola, sunflower), will keep pace with growth in palm oil production. Palm oil will account for about 30 percent of production while the three major oilseeds account for 70 percent of production. Historically, the share of palm oil rose quickly from 15 percent in the early 1970s to 25 percent in 1990. In the 1990s, it hovered between 27 and 30 percent as increases in oilseed oil production limited further market share expansion.

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 in trying to expand 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–more land 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. This crisis was handled in the short term by banning all exports of palm oil and followed by an export tax which has since been removed. Although the crisis had negative implications for the palm oil industry, the strong exchange rate devaluation in real terms of the rupiah (Indonesia) and the ringgit (Malaysia) following the crisis improved the position of an already competitive palm oil industry.

Increased demand from developing countries is projected to increase vegetable oil prices from their very low current levels over the medium term. However, improved prices in the medium term will be limited by continued expansion of relatively low cost palm oil production.

United States: Marketing loans and loan deficiency payments

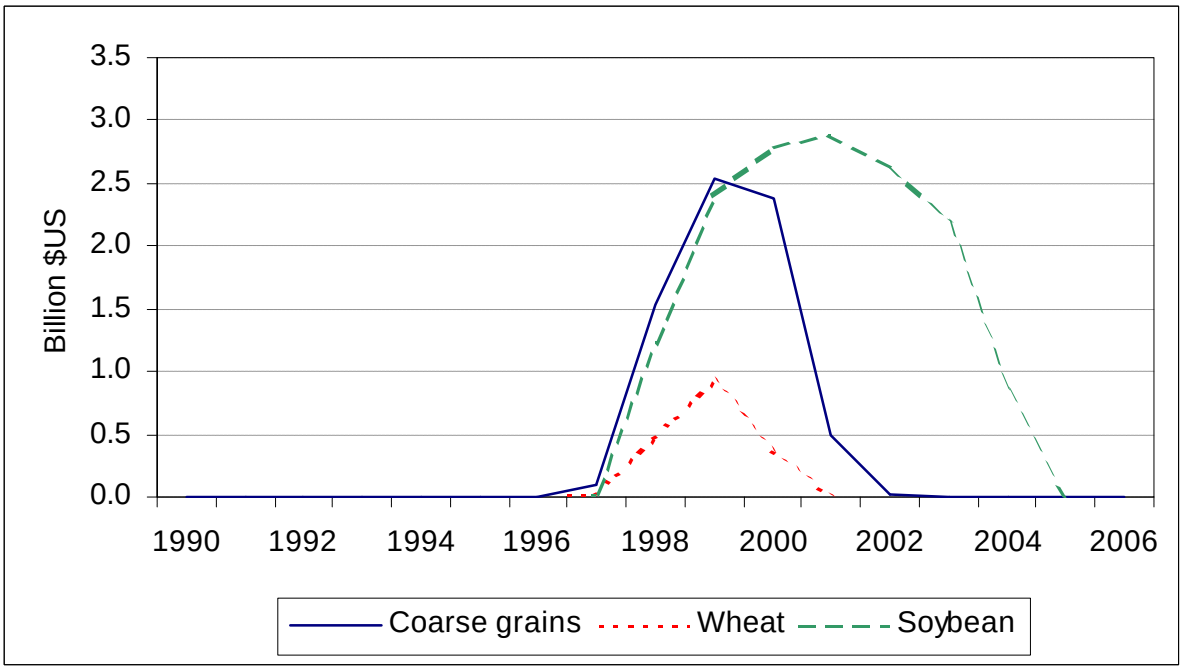
The 1996 Federal Agriculture Improvement and Reform Act (FAIR) marked a dramatic change in the U.S. farm policy by removing the link between income support payments and farm prices. However, it has become evident that the marketing loan program and loan deficiency payments (LDPs) have played an increasingly important role in distorting U.S. 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 U.S. 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 U.S. loan rate becoming a floor price for world markets. However, this situation 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 1999/2000 estimates with 1998/1999, it is apparent that this trend is continuing as the LDP to marketing loan ratio for wheat, corn and soybeans increased from 79:21 to 86:14.

Figure 6 shows the rapid increase in the combined LDP and marketing loan gains paid by the U.S. government to producers from 1997 through 1999 for coarse grains (mostly corn) wheat and oilseeds (mostly soybeans). As of June 2000, wheat, corn and soybean LDPs for 1999/2000 were more than double the 1998/1999 levels (US$0.9, 2.0 and 2.1 billion relative to 0.4, 1 and 0.8 billion, respectively). Given the low international commodity prices, it is projected that this trend will persist for most U.S. grains in the short term and for soybeans for a more extended period.

Figure 6: U.S. LDPs and marketing loan benefits



In projecting the baseline, it was assumed that loan rates would remain at their 1999/2000 levels for the duration of the baseline period. For the 2000/2001 crop year, the U.S. Secretary of Agriculture announced that rates would be fixed at the 1999/2000 levels. A substantial reduction in wheat payments is projected in 2000/2001 based on strengthening wheat prices (Figure 6). As coarse grain prices strengthen over the baseline period, payments drop significantly in 2001/2002 and are almost zero by 2002/2003. In the case of soybeans, weakness in the oilseed complex, due to large South American supplies and increasing palm oil production, results in sustained significant payments through to 2004/2005.

Movements in the U.S. loan rate are generally determined by taking 85 percent of the last five-year olympic average (omitting the best and worst years from the average). Since U.S. loan rates have fixed maximums in the FAIR Act and the 1999/2000 rates were at those maximums, the implication of assuming fixed loan rates in 2000/2001 is limited. In 2000/2001, most crops with the exception of soybeans (which would have had a loan rate of US$5.13/bu (US$189/tonne) versus the maximum of US$5.26/bu (US$193/tonne)) had loan rates in excess of the maximums mandated in the FAIR Act. However, the situation changes in 2001/2002 as calculated loan rates fall below the maximums based on the formula calculation alone. The implication of assuming that loan rates are fixed at the 1999/2000 level, is limited for wheat and coarse grains because of the price improvements projected from 2000/2001 forward. However, for soybeans this assumption extends the distortion since it takes longer for soybeans to reach a price above the loan rate.[3]

Two other 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.[4] The other assumption pertains to Production Flexibility

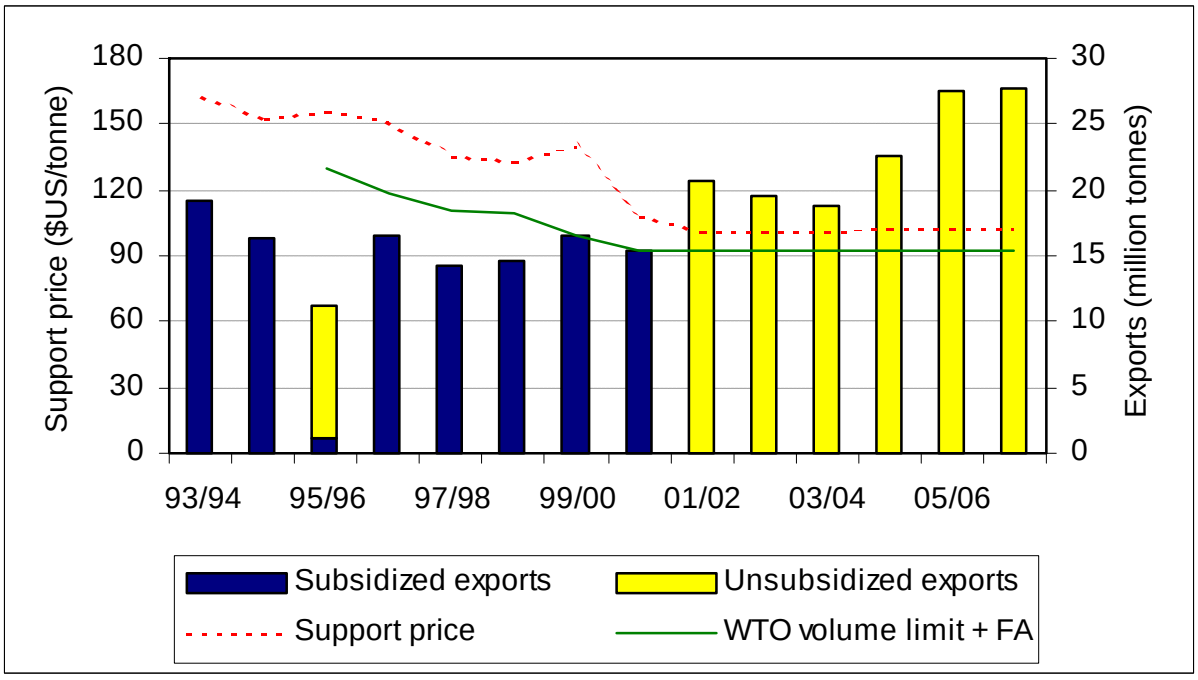
3. It should be noted that if world prices in the short and medium terms are lower than projected, maintaining loan rates at current levels would perpetuate the level of distortion for most of the major grains because loan rates calculated on the basis of the olympic average would have fallen below the maximums by 2001/2002.

Contract (PFC) payments which are assumed to be decoupled, declining, direct payments and are therefore assumed to have limited impact on producer decisions. Although, this simplifying assumption is made for the purpose of this baseline, it should be noted that a wealth effect that is not accounted for, may be associated with the sizeable PFC payments. A risk reduction effect may also be present due to the significant rise in additional ad hoc payments paid out in a similar manner. If such effects do exist, the U.S. crop area projected in the international baseline may be underestimated.

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 payment will increase 9 euros/tonne (63 euros/tonne in 2001/2002). Direct payments for set-aside crop area will decrease 6 euros/tonne and oilseed crop area will decrease 31 euros/tonne such that the direct payments on cereals, oilseeds and set-aside area will be equal by 2002. Although the agreement calls for a mandatory level of set-aside area equal to 10 percent over the baseline period, we are expecting a reduction of EU set-aside area. A weak euro, combined with lower cereal support prices and strengthening world cereal prices, should allow the EU to export both wheat and coarse grains without subsidy in the baseline period. Stronger world prices and a weaker euro translate into stronger EU domestic prices and reduced mandatory and voluntary set-aside area (9.7 percent in 2006/2007 versus 15.5 percent in 2000/2001) which allow the EU to produce and export more wheat and coarse grains.

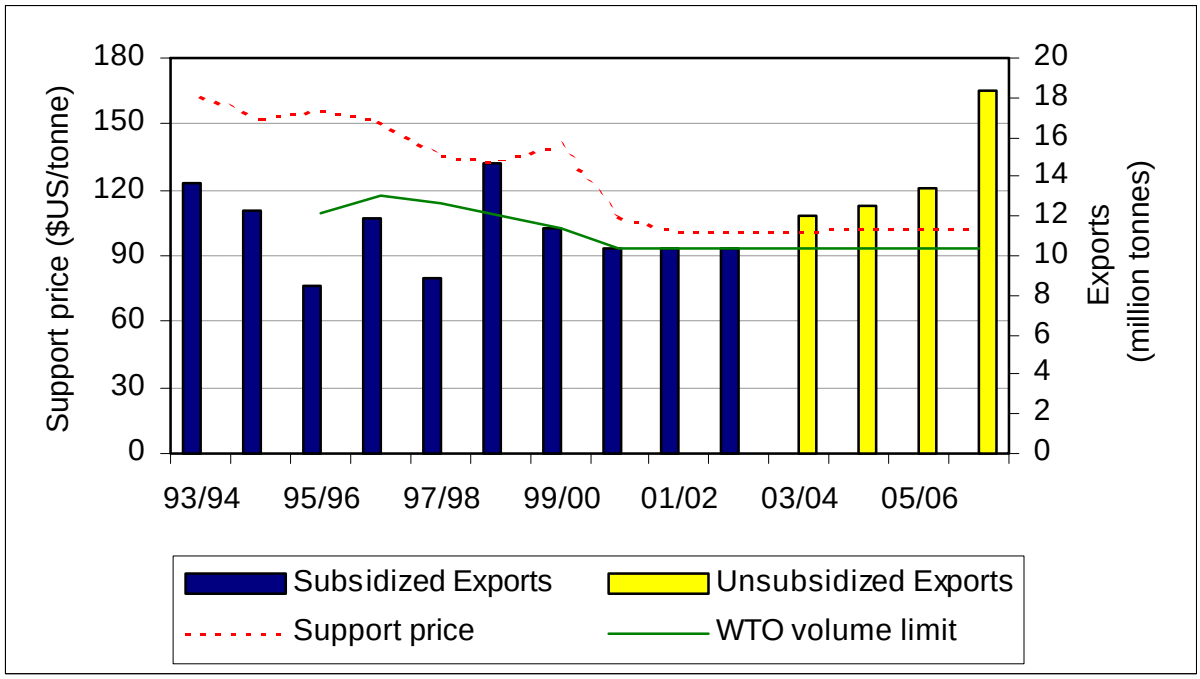
Figure 7: EU wheat exports



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

A weak euro, an improved short-term world wheat price and a lower cereal support price will result in the ability to export wheat without subsidy starting in 2001/2002 (Figure 7). This development and equalized direct payments with oilseeds will result in a substantial expansion of the EU wheat area. EU coarse grain area also begins to benefit from a weak euro and strengthening world coarse grain prices as exports without subsidy begin in 2003/2004 (Figure 8). The ability to export coarse grains without subsidy results in a substantial reduction in coarse grain intervention stocks from the current high levels. EU oilseed area is negatively affected by the reduction in the size of the direct payment and relatively more favourable wheat prices in the short term. However, the reduction in EU oilseed area is limited since the Blair House Agreement previously restricted EU oilseed area. The projected reduction in the total set-aside area allows for an increase in area for all crops.

Figure 8: EU coarse grain exports

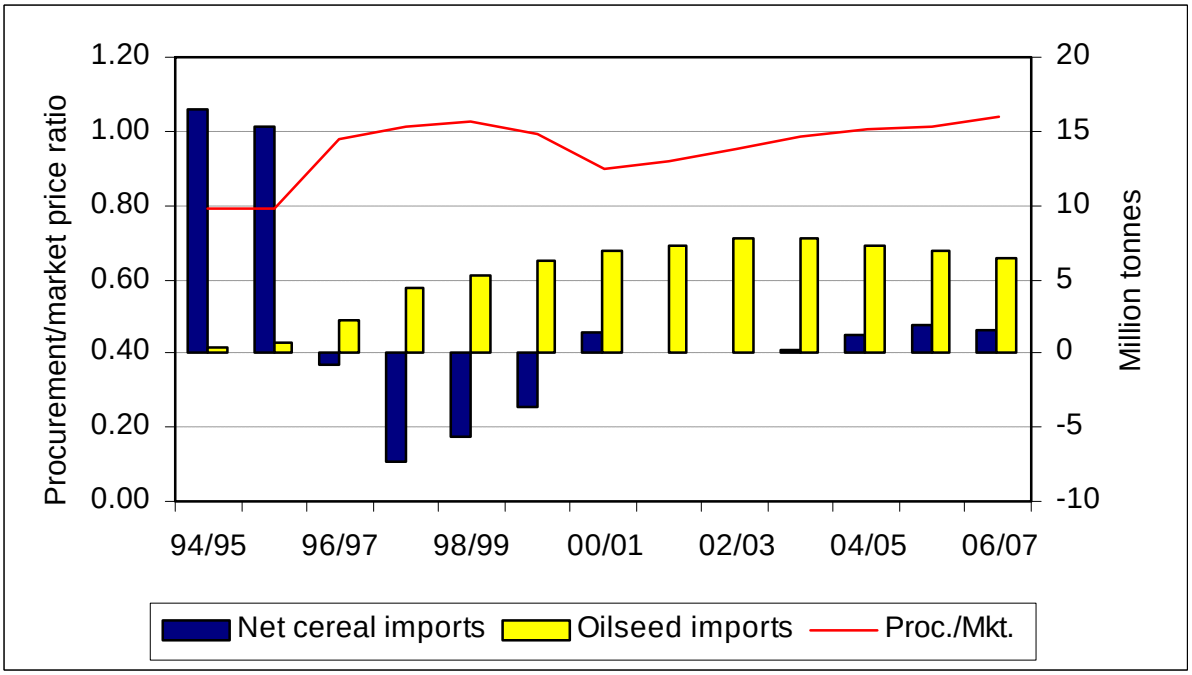


China: Self-sufficiency and the China/United States Bilateral Agreement

China is a major producer and consumer of grains and oilseeds. Prior to 1994, domestic agricultural policy encouraged the grain sector to move in a more market oriented direction. This move would have made specialization in higher valued crops, including fruits and vegetables, more attractive to producers than continued expansion of lower valued grain crop production. However, with the rapid rise of grain imports in the mid-1990s, escalating grain prices and international concern regarding "Who will feed China?", domestic agricultural policy shifted in a direction which would ultimately return China to self-sufficiency in grains (wheat, coarse grains and rice) in the matter of a few years, thus greatly diminishing the prospects for increased grain imports.

A policy identified as "the governors grain bag responsibility system" was implemented in late 1994. This grain bag policy placed the responsibility of increased grain production on regional governors. Governors met the goals of the policies both by encouraging grain production through higher quota-based grain procurement prices and by making inputs such as fertilizer more accessible to farmers through subsidies. The grain bag policy, in combination with favourable weather conditions, helped to achieve the self-sufficiency target by 1997. Figure 9 illustrates the change in Chinese procurement prices (weighted average of wheat, coarse grains and rice) which moved from about 80 percent of internal market prices (a tax on grain producers) to 98 percent of internal market prices by 1996/1997.

Figure 9: Change in Chinese cereals policy



Both the success of the grain bag policy and favourable weather conditions increased Chinese grain stocks which reached record levels. Chinese stocks have become burdensome and require significant investment in new storage facilities to reduce quality losses and 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 level 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 in the short term the procurement price will fall to about 90 percent of market prices to 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 again by 2003 (Figure 9).

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 low. Grain imports will rise modestly as a result of rising population, continued income growth; and increasing specialization in the production of commodities to which a comparative advantage exists, which all put pressure on the current policy structure. Taking these factors into account, the potential for cereal imports in the short and medium terms are much lower than the levels that many

projected a few years ago. By 2006/2007, it is projected that net Chinese cereal imports (including rice) will reach only 1.5 million tonnes—about 10 percent of the high levels observed in the mid-1990s (Figure 9).

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 versus oilseeds. Although China continues to be a very large oilseed producer, the increasing urban population with its rising income has increased the 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 received more favourable import access than soybean meal. The 13 percent value-added tax (VAT) that was applied to soybeans and not to soybean meal acted to increase oilseed crusher input costs but did not provide a similar level of protection to soybean meal, a key ouput. The recent imposition of the same 13 percent VAT on soybean meal made the tariff structure more favourable for soybean crushers and raw soybean imports should rise. However, low world protein meal prices will continue to result in significant Chinese protein meal imports.

Vegetable oil imports are much more strictly controlled in China. With six government-owned trading companies governing the imports of vegetable oils, a 20 percent import tariff, and a 13 percent VAT, the gap between domestic and international vegetable oil prices was significant. This gap provided a strong incentive to smuggle vegetable oils into China. A recent crackdown increased the difference between Chinese prices and world prices for vegetable oil and further increased the incentive to import and to process domestically raw soybeans and canola. Under this policy, 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, while protein meal and vegetable oil imports continue to rise, oilseed imports (soybean and canola) will remain at relatively high levels (Figure 9).

We incorporated in the baseline the major trade policy changes with respect to quantitative restrictions and tariff levels for grains and oilseeds that emerged from the signing of the China-United States Bilateral Agreement on November 15, 1999 (Box 2). The signing of this agreement represents a major step toward securing China's entry into the WTO.[5] 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 is driven by the assumption that China will continue to pursue its self-sufficiency goals. Since vegetable oils are treated as an aggregate, it was assumed that should soybean oil imports reach their in-quota maximum, imports of other vegetable oils including canola and palm oil would increase to limit the impact of the over-quota tariff.

5. A similar agreement was signed by the Canadian government on November 26, 1999. However, because of the secrecy of some of the specific terms, it was not incorporated in the baseline. With respect to wheat, canola and canola oil, the Canadian agreement is similar to the U.S. agreement for wheat, soybeans and soybean oil.

Box 2: China/United States Bilateral Agreement

For the major agricultural commodities including corn, wheat, and soybean products, the key commitments of the China/United States Bilateral Agreement include two key elements:

- *a system of tariff rate quotas (TRQs), with the quota increasing over the period of the agreement and the over-quota tariff falling over the period;*
- *an increasing share of the quota imports being undertaken by non-state trading enterprises. (This share is not explicitly incorporated in the baseline.)*

For corn and wheat, China agreed to in-quota duties of one percent, while over-quota duties would be 77 percent in 2000, falling to 64 percent in 2004. For corn and wheat, the respective quota amounts will increase from 4.5 and 7.3 million tonnes in 2000 to 7.2 and 9.6 million tonnes in 2004. For the allocation of the quota trade between state and non-state traders, the corn and wheat ratios in 2000 are 75:25 and 90:10 respectively and by 2004 the corn ratio moves to 60:40 while there is no change for wheat.

For soybeans and soybean products, China will bind the import tariffs of soybeans and soybean meal at the current rates of three and five percent respectively and imports will be unrestricted to all importers that have the right to trade. Soybean oil will have an in-quota duty of nine percent on the 1.7 million tonnes of this total 50 percent will be allocated to non-state trading companies. The level of the quota increases to 3.3 million tonnes by 2005, of this total 90 percent will be allocated to non-state traders and the over-quota duty falls from 74 percent in 2000 to nine percent in 2006. In 2006, soybean oil is no longer subject to TRQs and a nine percent bound tariff is applied with all importers having the right to trade.

Another important assumption of the baseline is the Chinese exchange rate. Since 1995, the yuan has been stable. It was assumed that Beijing will allow the yuan to decline slowly to market value as a means of protecting its domestic industry and agriculture from inexpensive imports. Thus in the baseline, we used the OECD's assumptions that the yuan depreciates in real terms by one percent on average per annum from 2002 to 2006.

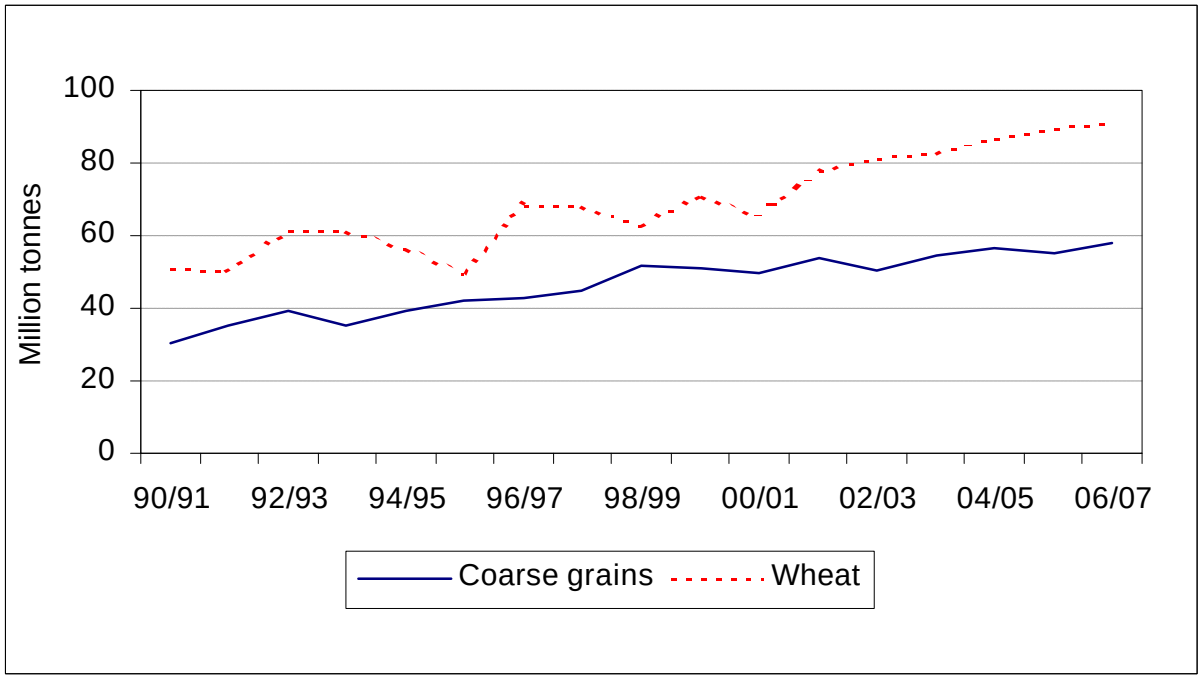
Taking these factors in aggregate, Chinese net imports of total cereals, oilseeds and meal (on a soybean equivalent basis) should increase over the medium term to a level slightly below the highs recorded in 1994/1995 and 1995/1996.

Rest of world: Demand versus supply

The rest of the world, which is defined as the world minus the OECD countries and minus the former USSR, China, Argentina and Slovakia, 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 1999 and 2006. According to the OECD, GDP growth of these countries is rapidly returning to the pre-crisis level observed in the late 1990s, with 3.8 percent in 2000, 4.3 in 2001 and an average of about 4.5 percent for the remaining years of the baseline period. 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 overall, demand for cereals and oilseeds is projected to increase. Rising population and income, ongoing migration from rural to large urban centers, 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 51, 42, and 17 million tonnes respectively, between 1999 and 2006.

Figure 10: Rest of world net imports

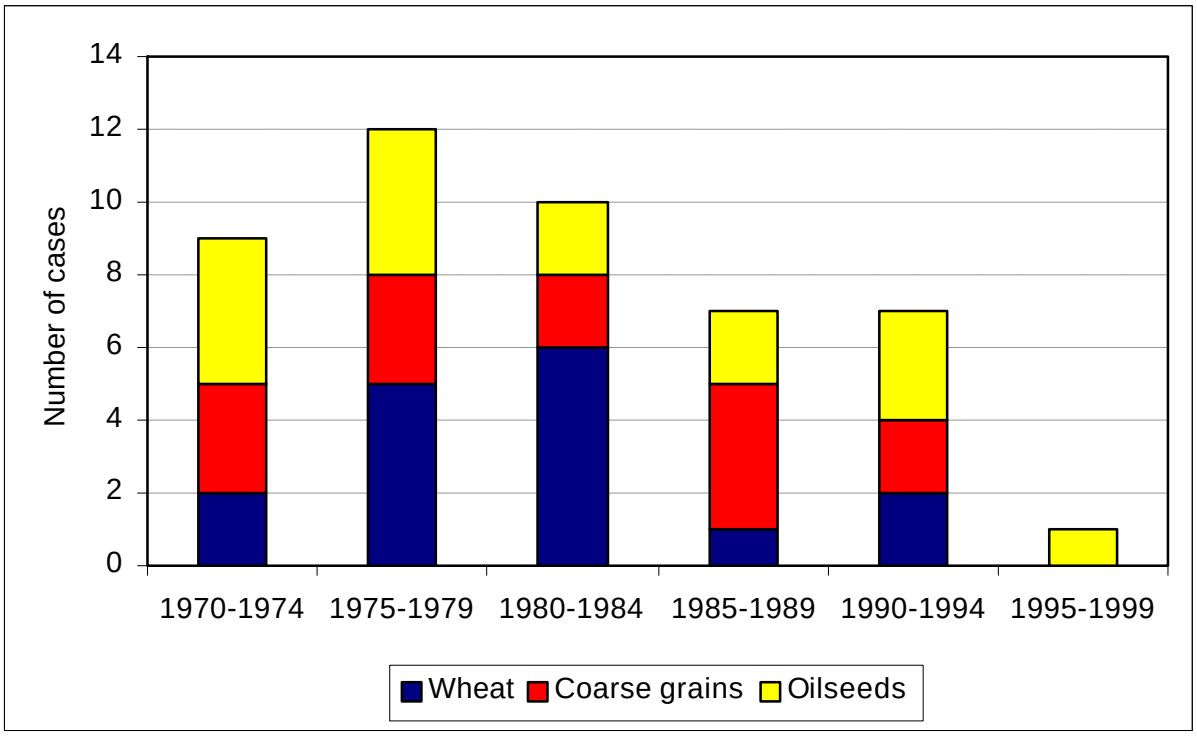


Increased consumption will not automatically result in higher imports since production is projected to grow by 44, 24, and 19 million tonnes, respectively, for coarse grains, wheat and oilseeds. Wheat is projected to show the lowest yield and harvested area growth, followed by oilseeds and coarse grains. Total area devoted to these three crops is projected to increase by almost 29 million hectares over the baseline period. As a net result, requirements of wheat and coarse grains in these countries should expand (Figure 10). For oilseeds, this expansion is not the case. In fact, 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 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 identified in the 1995–1999 period (Figure 11). In examining wheat, coarse grains and oilseeds, and comparing the current period yields to the trend (assuming that a 15 percent reduction from the trend is indicative of a drought), it is apparent that the single drought in the 1995–1999 period was less than the number of droughts in each of five previous time periods. These periods had drought occurrences ranging from a low of seven to a high of twelve.

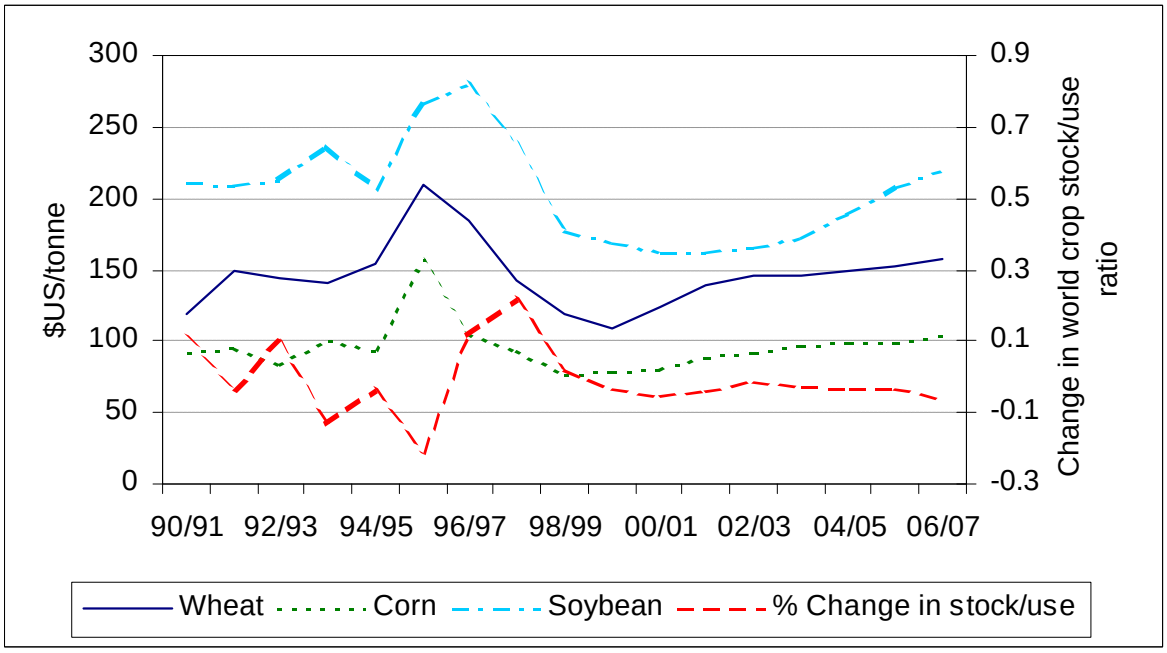
Figure 11: International drought cases during five year intervals



International

In the current 2000/2001 crop year, price increases for wheat, coarse grains and oilseeds are limited. World wheat prices are projected to improve from the depressed level observed in 1999/2000 as world wheat disappearance outstrips production for the third year in a row and world stocks decline to 110 million tonnes (19 percent stock-to-use ratio). With the world wheat stock-to-use ratio being similar to the level observed in the mid-1990s when grain prices surged, the stock-holder composition and the large stocks of coarse grains will continue to limit price improvements. 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. Smaller crops in several major exporting countries, in the current year, will help to reduce export supply availability and result in improved prices.

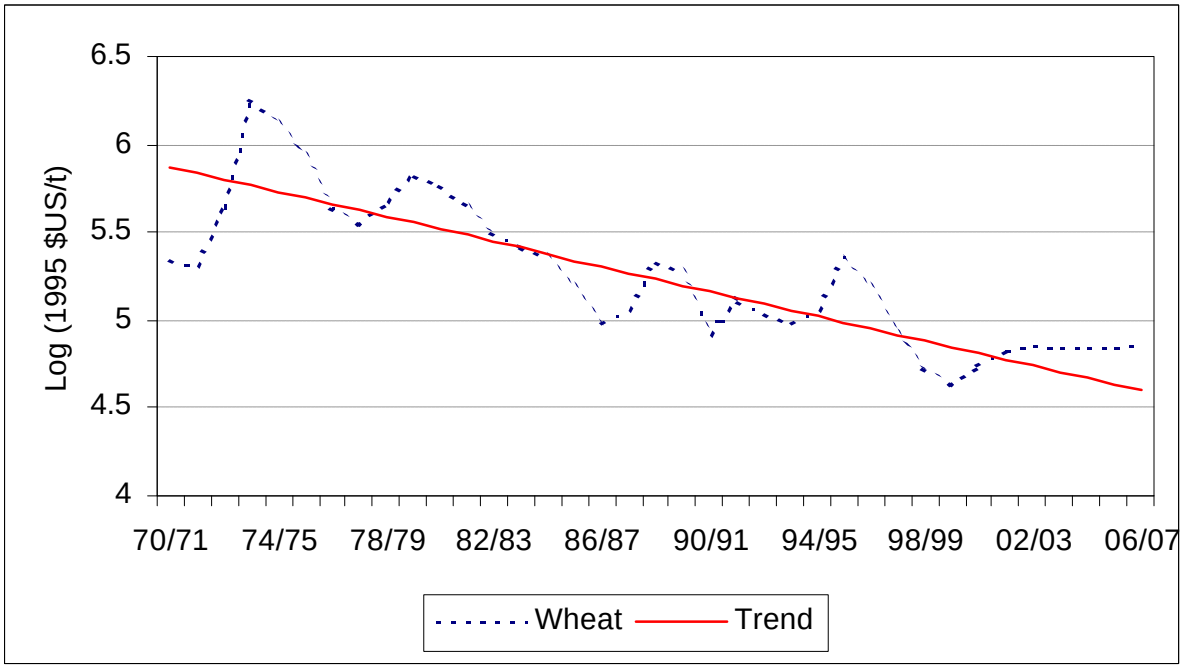
Figure 12: World price of cereals and oilseeds



For world prices of coarse grains, the situation in the short term (2000/2001) suggests similar prices when compared to last year. A relatively balanced supply and demand situation for coarse grains results in no appreciable change in the world coarse grain stock-to-use ratio, which remains at 18 percent. In the short term, prices for oilseeds are projected to continue to fall as high supplies continue to outstrip demand resulting in larger stocks. Derivative oilseed products including vegetable oil and meal by-products are projected to experience weak prices again in 2000/2001, with meal prices dropping modestly from the low 1999/2000 levels and vegetable oil prices increasing slightly from the very low levels recently observed.

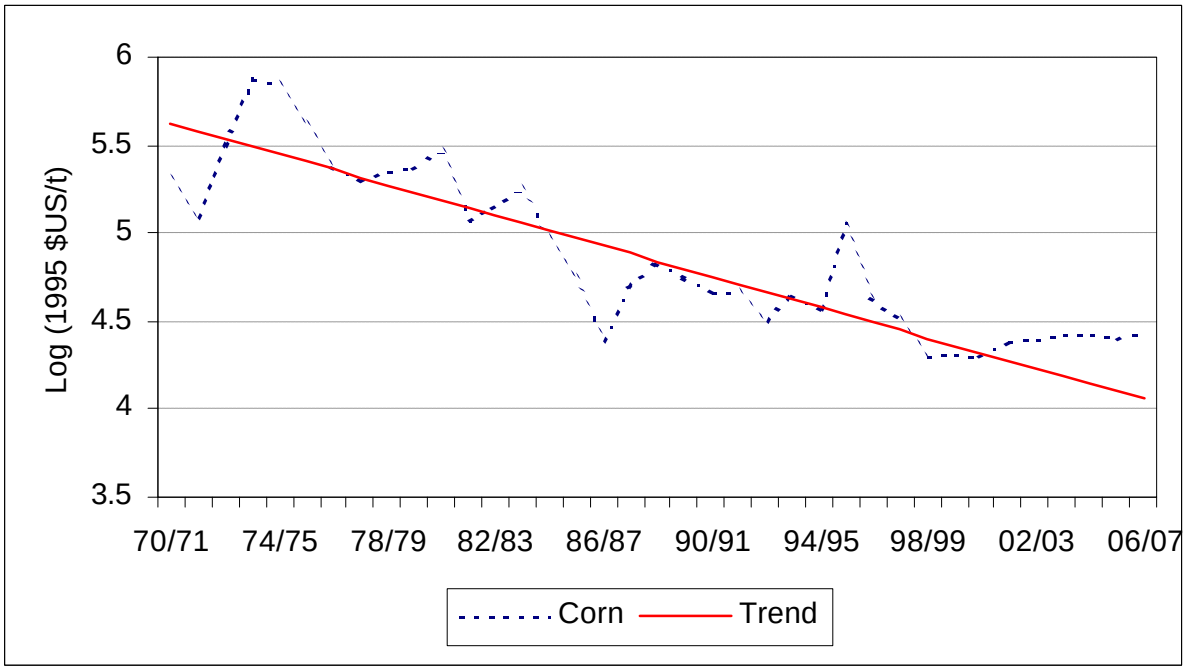
Over the medium term, improvements in world wheat prices are projected as supply never increases enough to change significantly the actual tightness in the market. The U.S. export price increases at about 4.1 percent year-over-year starting in 2000/2001 (Figure 12). The potential for higher wheat prices are moderated by rising EU exports. They begin without subsidy in 2001/2002 when the combination of a weak euro, a declining cereal support price and improved world wheat prices allow for EU unsubsidized exports. In real terms, world wheat prices increase modestly from the depressed levels observed in the late 1990s and then remain relatively flat through to 2006/2007 (Figure 13).

Figure 13: Long term real wheat price



In terms of baseline projections for coarse grains, the situation is more neutral in the short term. However, steadily rising corn prices (from the lows observed in the late 1990s) are projected (Figure 12). Rising feed demand and total disappearance continue to exceed supply over the baseline period, which slowly reduces the world stock-to-use ratio to mid-1990 levels. Rising coarse grain prices result in world coarse grain area surpassing the highs observed in the early 1990s. Real corn prices are projected to be higher than the lows observed in the late 1990s and flat to rising modestly over the baseline period (Figure 14).

Figure 14: Long term real corn price



The medium term situation for oilseeds, vegetable oil and protein meal is complicated by the continued influence that the U.S. soybean loan rate is projected to have on world markets. With U.S. soybeans already being in oversupply, and producers making planting decisions on the basis of floor prices that are higher than world market returns, oilseed prices will continue to weaken through 2001/2002. Distortions from the U.S. loan rate will be significant through 2003/2004 and not until 2005/2006 will U.S. domestic prices reach a level above the loan rate, thereby removing the incentive to produce more soybean 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 increasing demand from China (protein meal and vegetable oil), the EU (vegetable oil) and the rest of the world (protein meal) reduce the oversupply situation.

While demand side factors should start to improve the oilseed situation, a continued expansion of oilseed and oilseed product production in Argentina and Brazil and increasing palm oil supplies from Indonesia and Malaysia will limit upward soybean price movements over the medium term. By the end of the baseline period, improvements in meal prices and a substantial rise in vegetable oil prices, in combination with U.S. soybean prices above the loan rate, significantly improve soybean prices in particular and oilseed prices in general (Figure 12).

Domestic

Key assumptions

To produce the baseline, we made two key assumptions about the domestic situation. We assumed normal weather conditions and trend yield improvements. Also, although the longer term implications of the grain transportation reforms (including amendments to Bill C34) will likely result in significant changes in the rail rate structure, a relatively simplistic approach was taken in the current baseline. The 2000/2001 representative freight rate is reduced to a level consistent within the revenue cap and we assumed freight rate increases of 2.5 percent in 2001/2002 and then increases at the rate of inflation from 2002 through 2006.[6]

Domestic situation

Prices

The level of price transmission from major world market indicator prices to Canadian market prices is a function of exchange rates and estimated price transmission equations. Projected Canadian export prices increase at lesser rates than the world indicator prices largely because of a projected appreciation of the Canadian currency relative to the U.S. currency (1.2 percent appreciation per annum). For wheat, durum, canola and flaxseed, export prices are projected to increase on average 1.8, 2.2, 4.2 and 5.4 percent per annum respectively, from the prices

6. Based on the May 10, 2000 reform package announcement for grain transportation, which set the revenue cap at $27.00 per tonne in the crop year 2000/2001, the reduction is $5.92 from the effective rate of $32.92. Since the baseline takes the 976-1000 mileage block as a representative freight rate, a slightly modified calculation had to be undertaken. For the 976–1000 mileage block, removing the appropriate deduction from the previous 2000/2001 mandated statutory maximum rate of $34.65, results in a rate of $27.53 per tonne. It was assumed that the freight rate increased 2.5 percent in 2001/2002 and then increased at the rate of inflation through the remainder of the baseline period.

projected for the 2000/2001 crop year. Wheat and durum continue to benefit from a steady expansion in world wheat demand, while the more depressed canola and flaxseed prices benefit from rising international vegetable oil prices.

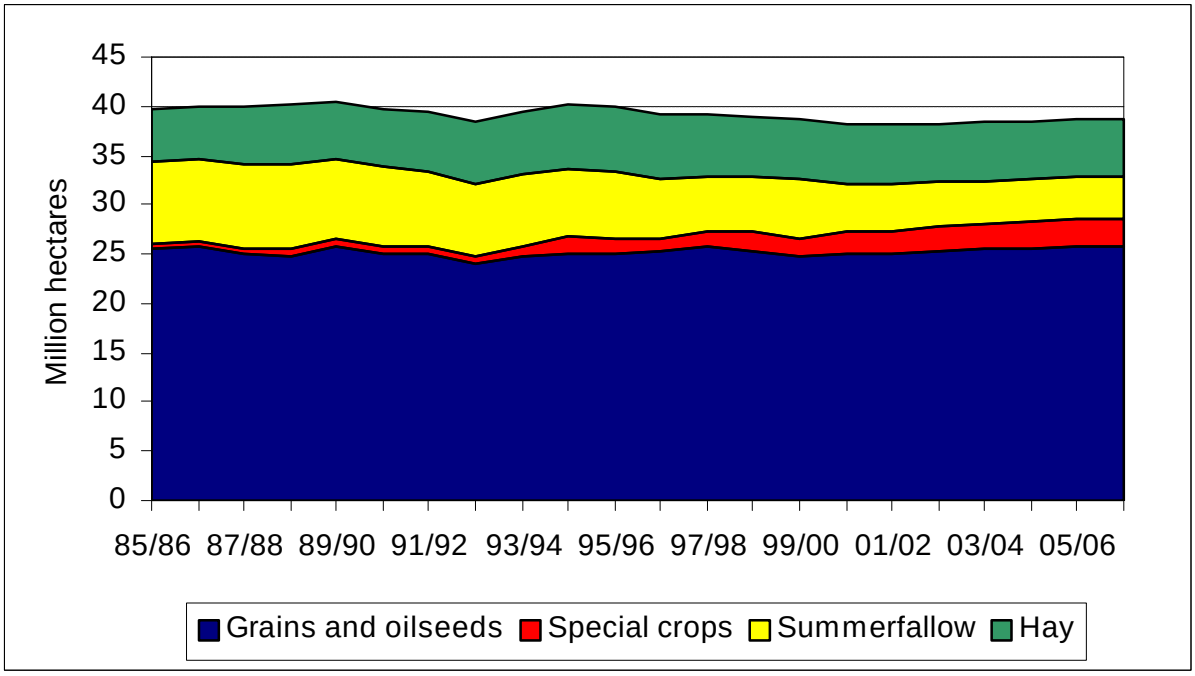
Barley prices in Western Canada benefit from both an increase in prices in the international coarse grain market and a tightening of the domestic feed barley market, which result in a 4.5 percent growth rate in the prairie farm price. As livestock production continues to expand in the West, Canadian barley exports are gradually limited to malting barley. Over the duration of the baseline period, an increasingly tight domestic feed barley supply and demand situation places a premium on the domestic market price as net exports of feed barley continue to decline.

In Eastern Canada, corn prices are projected to bottom out in 2000/2001, slightly below the 1999/2000 level. Soybean prices will reach their low in 2001/2002 due to the relative weakness in oilseed meal and vegetable oil prices and the negative impact of the U.S. loan rate. Over the baseline period, corn producer prices are projected to increase at a rate of 4.4 percent per annum, while soybean producer prices are projected to increase at a rate of 3.7 percent.

Area allocation

Crop prices, which are generally rising, lead to a modest 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, is projected to increase from the low level of 38.8 million hectares in 2000/2001 to 39.4 million hectares in 2006/2007 (0.3 percent growth per annum). This level is modestly higher than the 1996/1997–1999/2000 average, a period marked by low nominal grain prices, but lower than the 40 million hectares observed in the mid-1990s.

Figure 15: Crop area allocation—Canada



For the major grains and oilseeds, the area harvested is projected to increase modestly (0.6 percent per annum) over the baseline, as some hay and summerfallow area is shifted into grains and oilseeds production (Figure 15). Statistics Canada crop area estimates for crop year 2000/2001 indicate an increase in total wheat area harvested (4.9 percent) and coarse grain area harvested (8.5 percent), and a substantial decline in oilseed area harvested (11.1 percent). Over the baseline period, the largest price improvements are projected in coarse grains and oilseeds, thereby allowing coarse grain area harvested to maintain a relatively high level (4.5 percent higher than the 1996/1997–1999/2000 average in 2006/2007). Although a further weakness in oilseed prices through 2001/2002 is projected, resulting in further declines in area harvested, improvements in oilseed prices throughout the baseline period return the oilseed area to a level modestly below the record levels observed in the late 1990s. In the short term, wheat area is projected to increase from 2000/2001 plantings, as stronger wheat prices attract area previously planted to oilseeds. By the end of the baseline period, total wheat area is slightly below the 1996/1997–1999/2000 average.

Special crop area is projected to continue a strong upward trend. Harvested area of five of the major special crops in Western Canada (field peas, lentils, mustard seed, canary seed and sunflower seed) increased from 0.8 million hectares in 1992 to 1.8 million hectares in 1999/2000. A record of 2.0 million hectares was harvested in crop year 1998/1999. Given the low grain prices observed to date, crop area estimates for 2000/2001 indicate that Western Canadian producers have seeded a record level, which could result in the harvested area of these five crops exceeding 2.4 million hectares. 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 increase at a rate of 2.9 percent per annum from the record level of 2.4 million hectares intended in 2000/2001 to 2.9 million hectares in 2006/2007 (Figure 15).

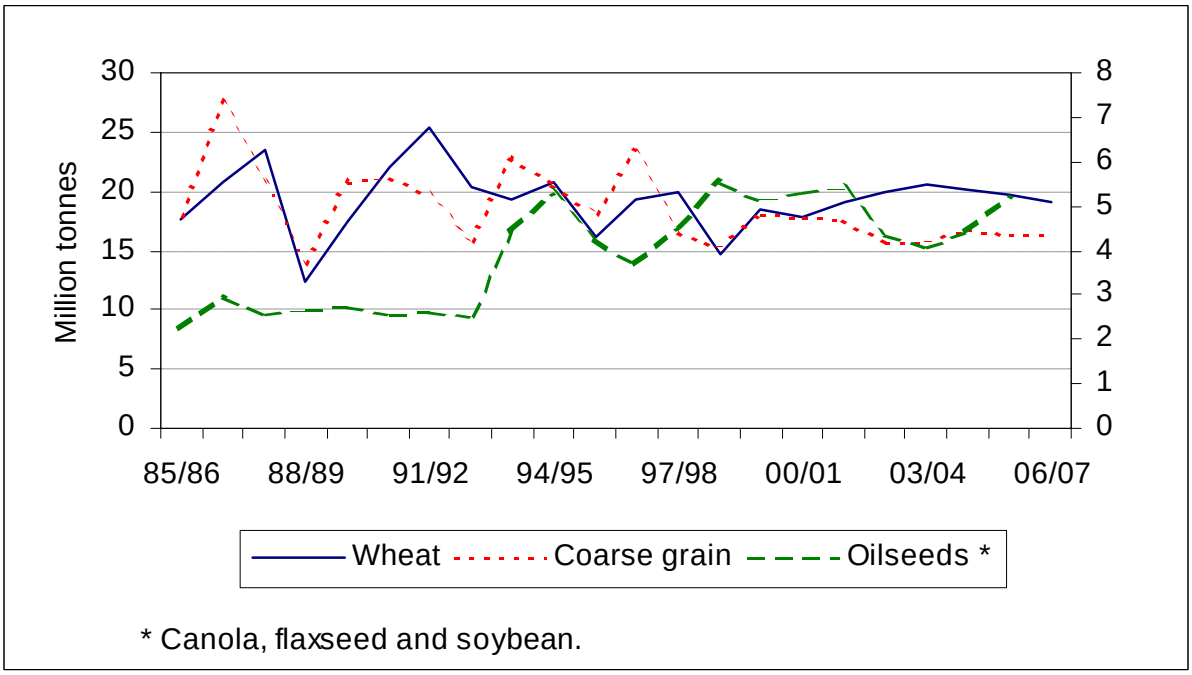
In the medium term, total seeded hay area is projected to return to a level modestly above the 1996/1997-1999/2000 average (6.5 million hectares). In Western Canada, the decline observed in 1996/1997 and 1997/1998 reversed, and seeded hay area increased by 0.2 and 0.3 million hectares respectively in 1998/1999 and 1999/2000. Increases in Western Canada are projected to continue in 2000/2001 and 2001/2002, as grain and oilseed prices bottom out and cattle prices are favourable. In Eastern Canada, seeded hay area continues its downward trend. In 2000/2001, high corn and soybean area estimates suggest a further drop in seeded hay area. However, in 2001/2002, an increase is projected as lower returns from corn and soybeans result in some area shifting back into hay production. In the short term, Canadian seeded hay area is projected to remain high but begin to decline from 2002/2003 through 2006/2007, as grain and oilseed returns improve.

The continued downward trend in the area dedicated to summerfallow in Western Canada has allowed the expansion of the crop area planted. Since 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 2000/2001, the summerfallow area is estimated to drop significantly to 4.7 million hectares and to continue its decline over the medium term. Based on an average 1.6 percent reduction per annum, the amount of summerfallow area is projected to fall to 4.2 million hectares by 2006/2007. This slow decline in the rate of summerfallow reduction (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 agronomic practices.

Production, exports and use

With respect to domestic grain and oilseed production, the increased area dedicated to wheat and durum results in production peaking in 2003/2004 at 29.1 million tonnes. For the remainder of the baseline period, increasing returns to oilseed production and a tighter domestic feed barley market, result in wheat area moving into canola and barley with wheat production falling to 27.8 million tonnes by 2006/2007. Rising feed and food usage reduce the amount of wheat available for export. Exports of wheat peak with production in 2003/2004 at 20.5 million tonnes, and by the end of the baseline period, wheat exports fall to a level of 19.2 million tonnes (Figure 16).

Figure 16: Major crop exports—Canada

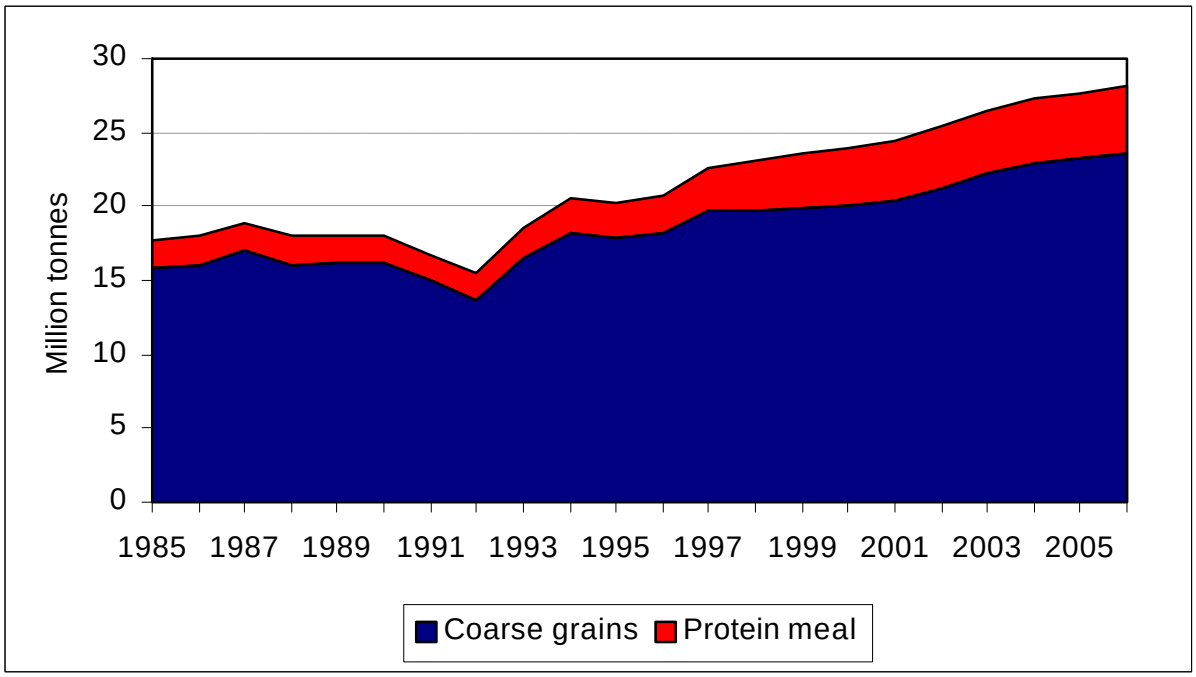


As international coarse grain prices continue to improve and the domestic feed grain market tightens, domestic barley and corn prices strengthen resulting in an expansion of the coarse grain area. This price improvement raises production levels from 2000/2001 through to the end of the baseline. Rising feed and industrial use of coarse grains limits the export availability which is 11 percent below the 1996/1997–1999/2000 average by the end of the baseline period (Figure 16). The drop in coarse grain exports is a result of the continued decline in feed barley exports. High barley supplies in 2000/2001 should result in feed barley exports making up about 35 percent of total barley exports, but by 2006/2007, this proportion is projected to fall to 10 percent.

With oilseed prices reaching their low point in 2001/2002, canola and soybean area harvested bottom out in 2002/2003 and oilseed production drops to a low of 9.7 million tonnes. Although world markets are characterized by weak vegetable oil and meal prices, oilseeds are still inexpensive, so domestic crushing margins continue to dictate modest increases in domestic oilseed processing. The tightening of domestic oilseed supplies through 2003/2004 results in a significant reduction in oilseed exports. But as oilseed prices recover and production expands, by the end of the baseline, exports are 22.1 percent higher than the 1996/1997-1999/2000 average (Figure 16).

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 reduced protein meal prices will increase its use. High growth rates are projected for canola meal and dry peas in Western Canada. Increasing livestock production will continue to expand barley feed usage, which is projected to increase 3.2 percent per annum from the currently high levels (Figure 17). Corn usage, which surpassed seven million tonnes, will continue to expand as feed in Eastern Canada, with growth in the range of 2.5 percent per annum.

Figure 17: Consumption of feed—Canada

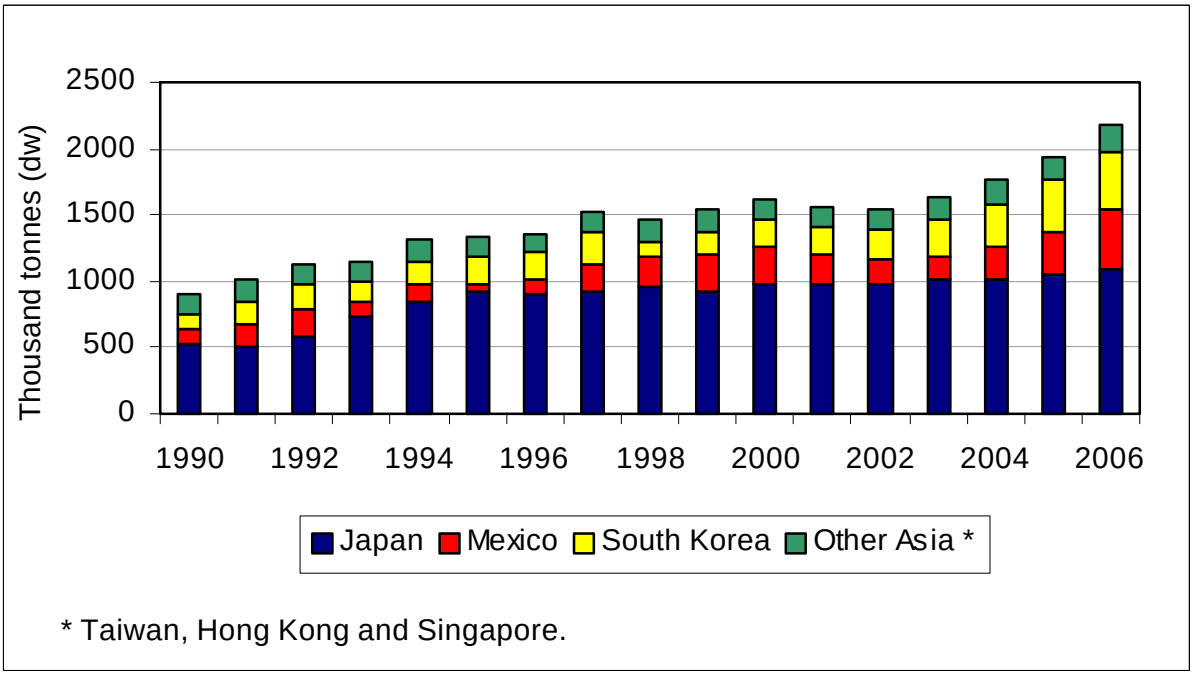


Beef

International

Since the late 1920s, the major beef markets in the Pacific (Japan, South Korea and Taiwan) have been closed to Uruguay and Argentina. However, now that they have Foot-and-Mouth Disease (FMD)-free status, they are negotiating Pacific market access. This market is large and growing. Total beef imports by Japan, South Korea and Taiwan increased from 0.7 million tonnes in 1990 to 1.2 million tonnes in 1999, to the projected 1.6 million tonnes by 2006 (Figure 18)[7]. Successful negotiations leading to market access for Uruguay and Argentina will increase competition among Uruguay, Argentina, United States, Canada, New Zealand and Australia in the lucrative Pacific beef market.[8]

Figure 18: Expanding import market for beef



Since 1996, Mexico's beef imports increased while its feeder cattle exports decreased because of droughts in the northern part of the country. This trend will not continue in the short term but imports will increase strongly in the last part of the baseline period when beef prices fall.

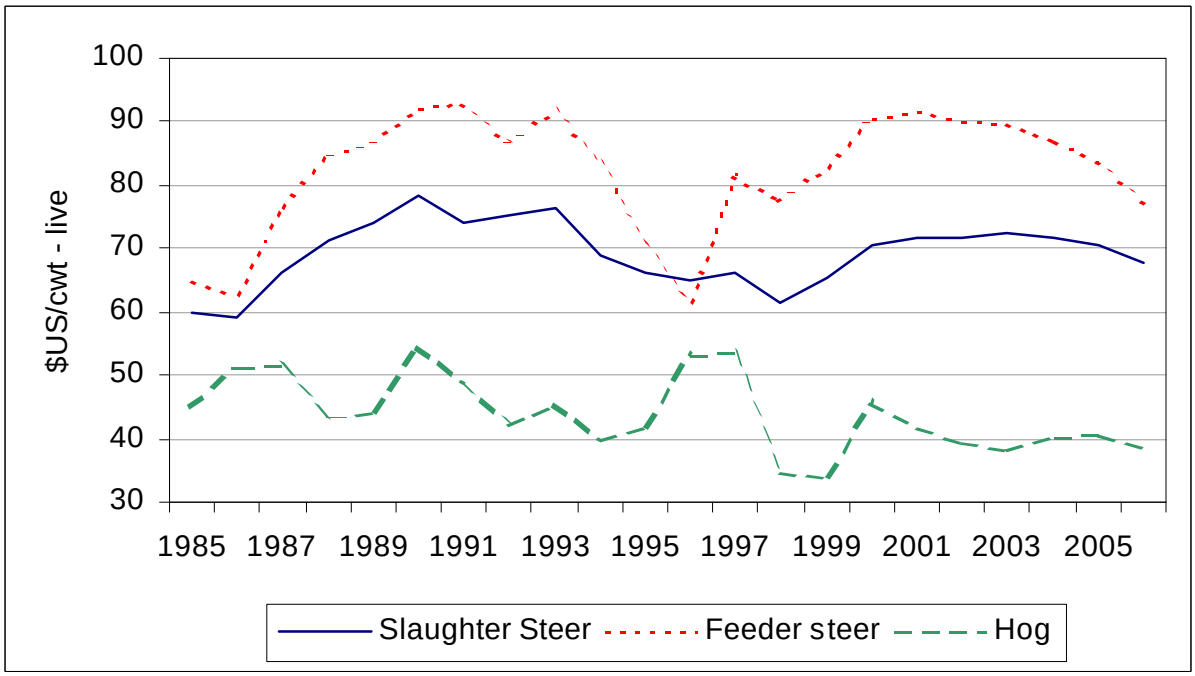
In 1990, net imports of beef[9] into the United States were almost one million tonnes. In 1997, they decreased to their lowest level of 480 thousand tonnes and in 1999 increased to 635 thousand tonnes. They are projected to stay between 400 and 725 thousand tonnes over the baseline period.

7. All quantities in the text are on a dressed weight basis.
8. For a detailed analysis, please refer to OECD's "Agricultural Outlook 1998–2003."
9. These figures include live animal trade on a dressed weight basis.

Currency devaluation in Australia and New Zealand along with very low world prices of wool led to an increase in their beef production and exports. Their joint beef exports[10] increased from 1.5 million tonnes in 1990 to 1.9 million tonnes in 1999. They are projected to increase to 2.2 million tonnes in 2004 and then decline to 2.0 million tonnes in 2006.

Over the baseline period, slaughter cattle prices in the United States should increase 17 percent from the low level in 1998 to a peak in the cattle price cycle in 2003. By 2006, prices should fall about six percent below their peak in 2003 (Figure 19).

Figure 19: U.S. livestock prices



Feeder cattle prices are anticipated to remain strong in the US$90/cwt range until 2003, and then begin to decline to reach US$77/cwt in 2006 because of lower steer prices and higher feed prices (Figure 19).

10. These figures include live animal trade on a dressed weight basis.

Domestic

Main assumptions

- No countervail/anti-dumping duty on Canadian cattle exports is assumed over the baseline period.
- Wages in the packing industry of Canada and the United States will be stable in real terms.

Domestic situation

Following the North American cattle markets, Canadian prices of feeder cattle remain strong from 2000 to 2002 but then begin to decline as feed prices increase and slaughter prices decrease. Prices of slaughter cattle remain strong from 2000 to 2003 and then begin to decline. The increasing value of the Canadian dollar tends to reduce prices.

After a peak in 1996, Canadian cattle inventories declined steadily, as prices declined. Inventories are projected to increase beginning in 2001 and continuing throughout the baseline period to 2006, which is anticipated to be the next peak of the cycle. Along with the inventories, cattle marketings have been falling recently. They will fall further in the first phase of the cattle cycle as producers retain females for breeding as opposed to slaughter. Over the baseline period, marketings increase rapidly beginning in 2002 and reach 5.3 million head by 2006.

The smaller increase in cattle marketings compared to the increase in slaughter leads to a much lower level of slaughter cattle exports in the first half of the baseline period. Beginning in 2003, when the Canadian cattle cycle is heading toward its peak, the level of slaughter cattle exports rises. This rise occurs because the rate of increase in marketings is greater than the rate of increase in domestic slaughter because the slaughter capacity cannot change rapidly.

Rebuilding the domestic cattle herd results in Canada being a net importer of feeder cattle until 2004. Feeder cattle trade is also affected by the recent Northwest Cattle Project, which facilitates feeder cattle imports from the United States. As feeder production increases, Canada again becomes a small net exporter of feeder cattle in the last two years of the baseline period.

Due to recent investments, Canadian packers continue to expand slaughter throughout the baseline period reaching a level of 3.9 million cattle per year in 2006. Almost 70 percent of the increase in beef production (154 thousand tonnes) between 2000 and 2006 is expected to be exported. Beef exports are projected to increase 41 percent from 503 thousand tonnes in 1999 to 707 thousand tonnes in 2006.

In summary the baseline projection indicates that by 2006, Canadian cattle farm output will be about 60 percent higher than the level observed in 1995, before the elimination of the WGTA (Box 3, Figure 20). Canadian exports of cattle farm outputs (meat and live cattle) are 50 percent above the high level observed in 1999 and 116 percent above the level observed in 1995 (Figure 21).

Figure 20: Cattle and hog farm output—Canada

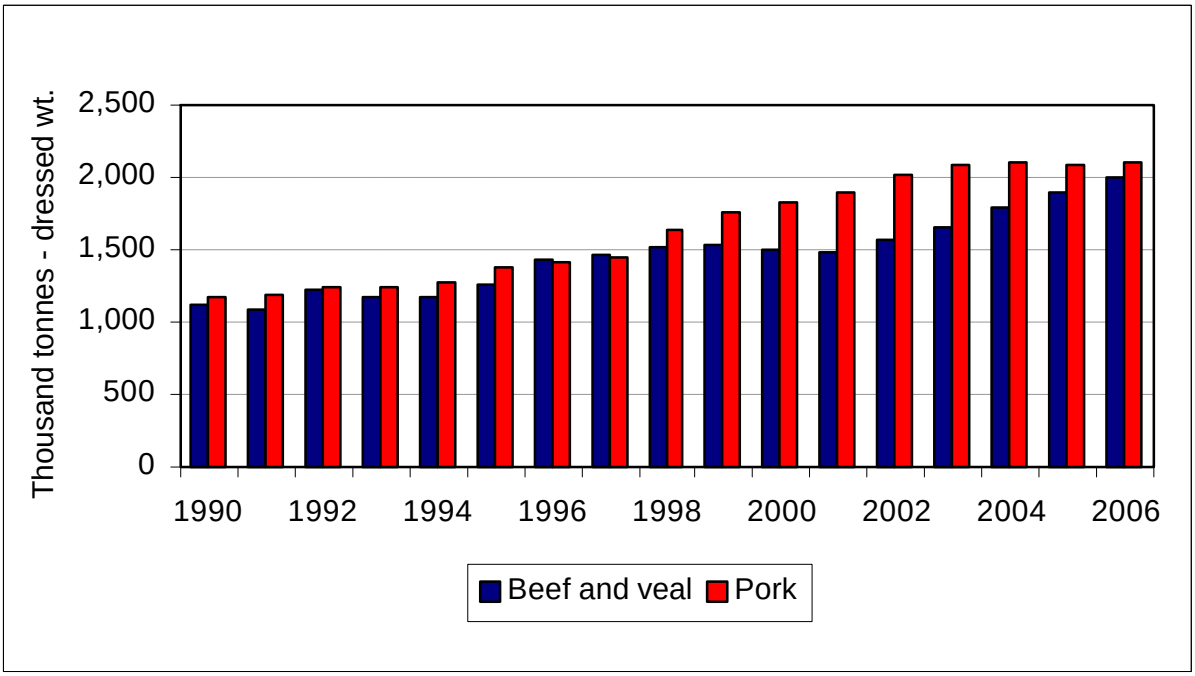
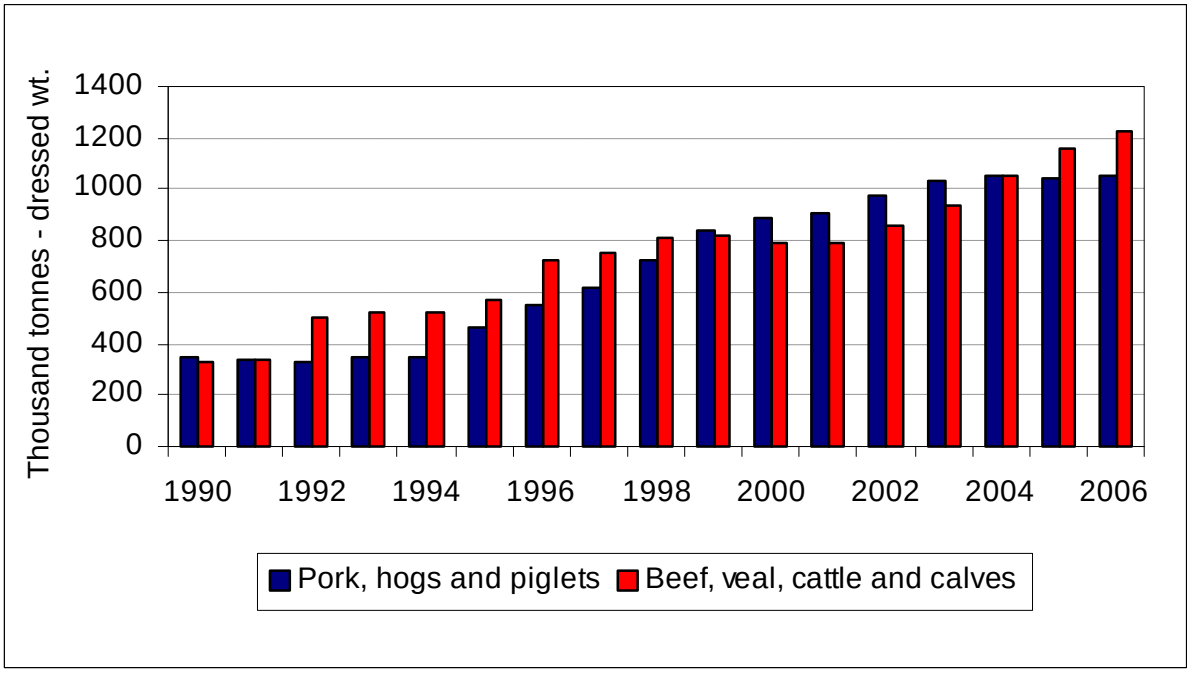


Figure 21: Red meat exports—Canada



Box 3: Expansion of the Canadian livestock industry

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

- *The removal of the WGTA, which subsidized the export of prairie grains, had a positive effect on the Western Canadian livestock industry. Its removal in 1995 resulted in a significant increase in the maximum grain freight rates which, from a mid-prairie point (976-1000 miles from Vancouver), more than doubled from $14.72/tonne to $30.63/tonne, resulting in lower feed prices in the Prairies.*
- *Devaluation of the Canada-United States exchange rate from US$0.73 in 1995 to US$0.67 in 1999 improved the competitiveness of Canadian meat exports in international markets.*
- *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.*
- *Bilateral, regional and international trade agreements liberalized meat markets in Mexico, Japan and South Korea over the last twelve years. As a result, meat imports from these countries increased rapidly.*

In 1999, Western Canadian hogs and cattle farm output was about 28 percent higher than in 1995 when the WGTA was removed. Furthermore, in 2006, farm output should be 77 percent higher, according to the baseline.

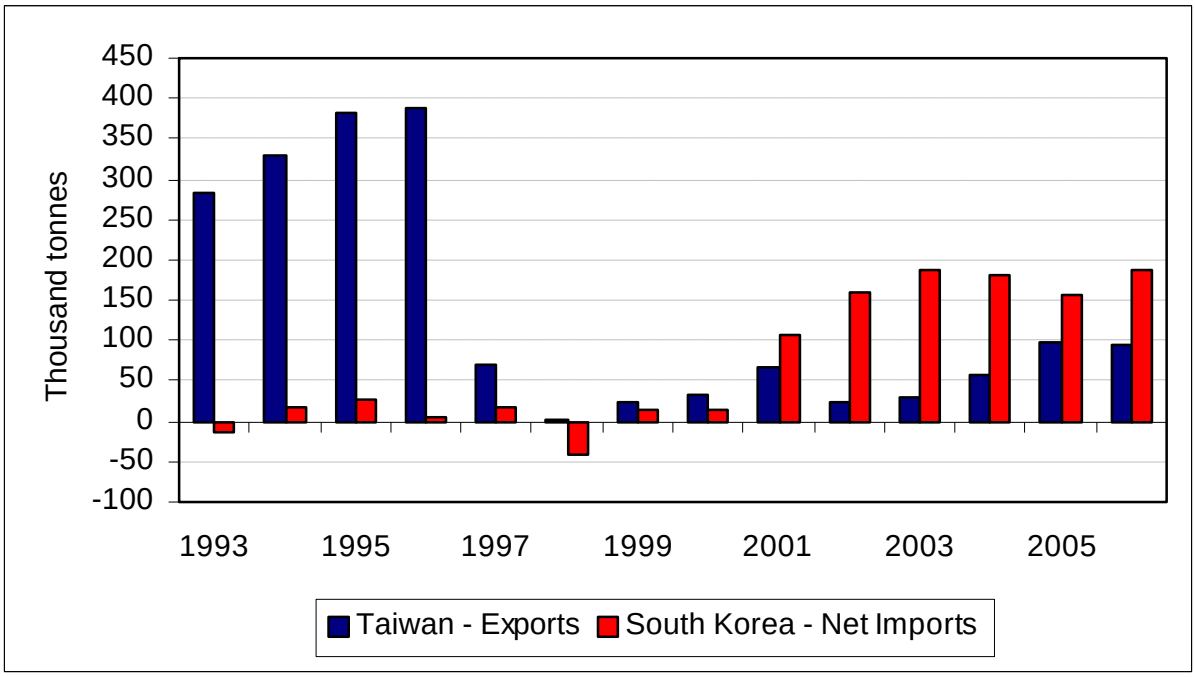
Pork

International

The Asian pork market will be very favourable to North American and EU exporters in the medium term. Japanese imports are projected to rise from 850 thousand tonnes in 2000 to over one million tonnes in 2006.

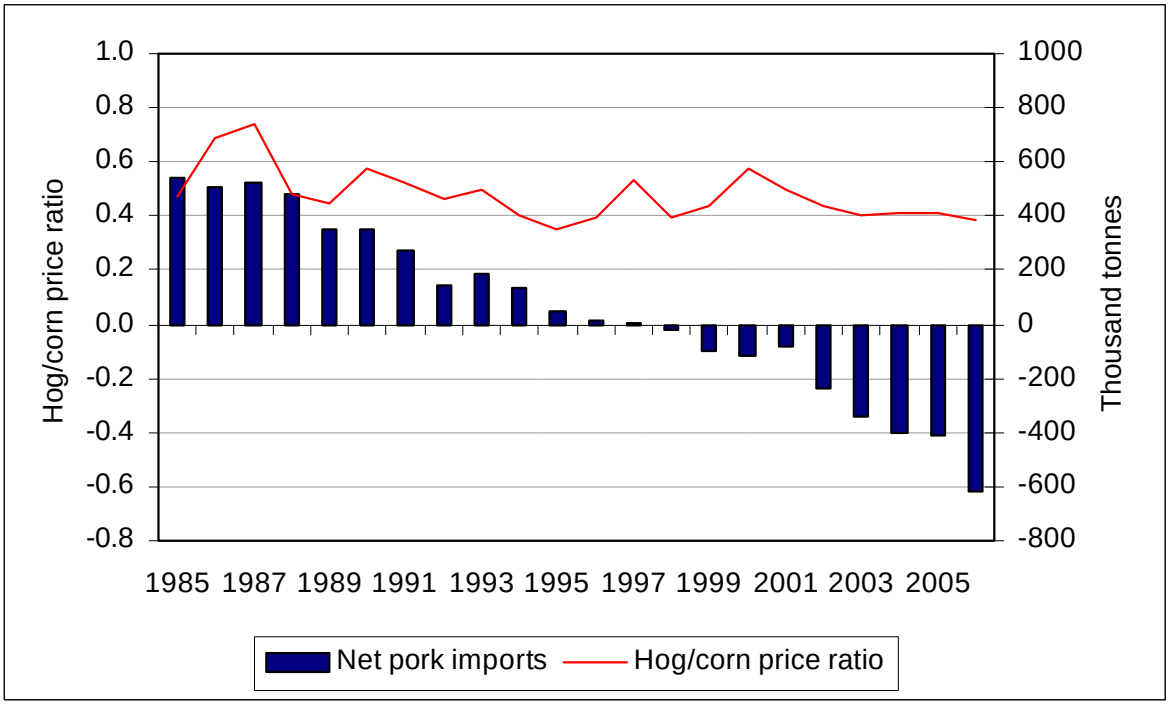
Taiwan's pork exports are projected to remain below 100 thousand tonnes throughout the baseline period (Figure 22). Taiwan had a major FMD outbreak in March 1997 that wiped out most of its pork exports. Before the hog epidemic, Japan imported more than 300 thousand tonnes of pork from Taiwan which accounted for almost 97 percent of Taiwan's total pork exports. In 1999, Taiwan's total pork exports were only 6 percent compared to its peak exports level of 1996. By the end of the baseline period, Taiwan's total pork exports are projected to be only 24 percent of the 1996 peak exports level.

Figure 22: Pork—reduced Asian competition



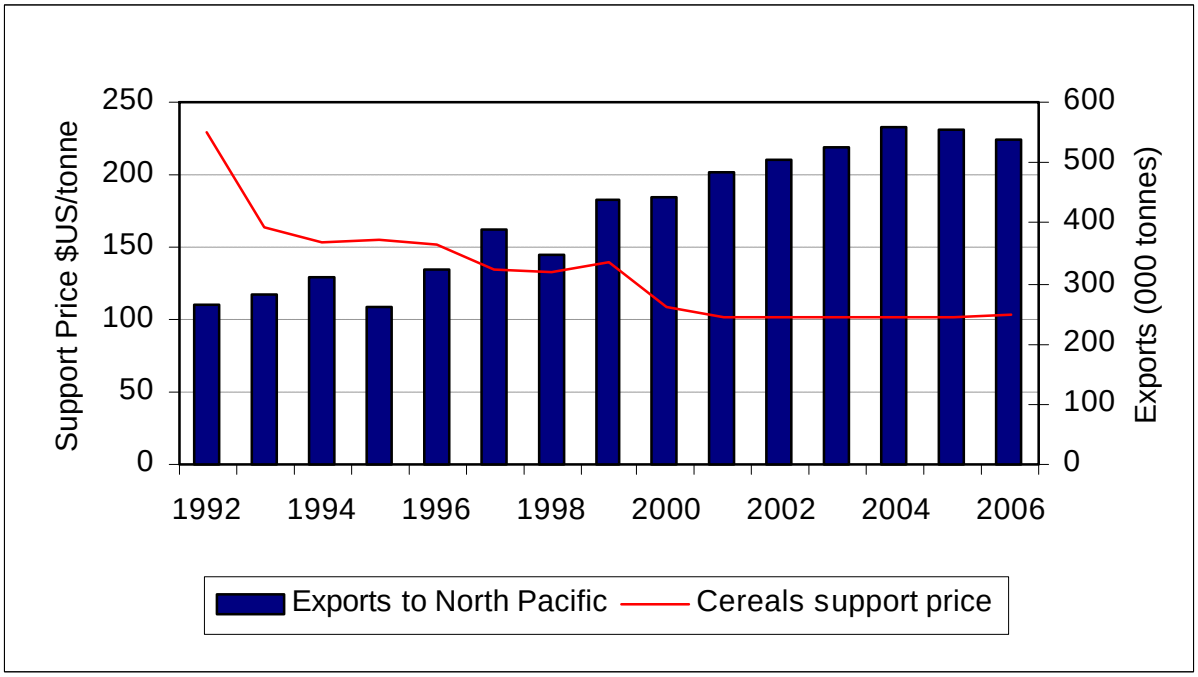
South Korea's net pork imports are projected to reach 100 thousand tonnes in 2001 and almost double that by the end of the baseline period (Figure 22). In the short term, the increase is due to the market disturbance caused by a FMD outbreak in March 2000. Immediately after the announcement of the outbreak, Japan, Australia, Taiwan, Hong Kong, Singapore and China banned pork imports from South Korea. Japan imported about 80 thousand tonnes of pork from South Korea before the outbreak. It is assumed that 50 percent of what would have been exported if the outbreak had not occurred, will be consumed domestically and will serve as import substitutes. The remaining 50 percent is assumed to be added to stocks in the short term until production is reduced. Over the longer term, a high level of imports will be sustained by South Korea's falling pork tariff.

Figure 23: U.S. pork industry



Recent investments in the U.S. pork industry increased the number of mega-farms and consolidated packing plants, thereby improving production efficiency and making the United States a net exporter of pork. In the 1990s, the United States was a net importer of pork (354 thousand tonnes[11] of net imports in 1990) but in 1998, it became a net exporter. Net exports are projected to increase to 622 thousand tonnes in 2006 (Figure 23).

Figure 24: Competitive EU pork industry



11. These figures include live animal trade on a dressed weight basis.

The EU also exports pork. Devaluation of the euro and a decline in the support price for cereals is helping to make their pork industry more competitive (Figure 24). Therefore, Canada is likely to face stiff competition with the United States and the EU in the Asian pork market.

In spite of these developments, the hog price in North America features cyclical troughs in 1999 and 2003, and peaks in 2000 and 2005. The driving forces in the short term include high demand for bacon, the FMD outbreak in South Korea leading to increased pork demand from North America, and low feedgrain prices. Over the medium term, structural shifts in output and higher supplies will keep prices under pressure. Policy reforms continue to play an important role by expanding EU supplies and creating higher import demand in Asian markets.

Domestic

Main assumptions

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

Domestic situation

Following the North American hog price cycle, the peak prices for Canadian hogs are projected to occur in 2000 and 2004. The cyclical bottom occurs in 2003. The years 2000 and 2001 are expected to be the most profitable since 1993, as a result of both high hog prices and low feedgrain prices, and they follow from very difficult price conditions of the two previous years.

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 11.1 million head in 2004 and moderately thereafter. Marketings in 2004 will be 62 percent higher than the 1995 level that occurred when the WGTA was eliminated.

As has been the case, marketings for hogs in Eastern Canada are expected to remain more stable than those of Western Canada over the baseline period and range between 12.8 and 13.5 million head.

In the absence of any labour problems in the Canadian pork packing industry, hog slaughter is expected to increase over the baseline period. The Maple Leaf Food's hog-kill plant in Brandon is approaching its annual slaughter capacity of 2.3 million hogs more quickly than planned. Late in 1999, Schneider announced plans to triple the capacity of its two-year-old Winnipeg hog plant to 90 thousand head a week by 2003. As a result, exports of slaughter hogs are projected to decline 56 percent in 2003 compared to a record high in 1998. In the medium term, slaughter hog exports should average 1.6 million head and weaner pig exports should average 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 631 thousand tonnes in 1999 to 908 thousand tonnes in 2004 and then decline slightly to 888 thousand tonnes in 2006. Almost two thirds of the increase in pork production between 2000 and 2006 will be exported.

In summary, Canadian hog farm output at the end of the baseline period is anticipated to be 53 percent higher than the level observed in 1995 before the elimination of the WGTA (Box 3, Figure 20). Canadian exports of pork and hogs in meat equivalent are anticipated to be 130 percent above the level observed in 1995 (Figure 21).

Poultry and egg

International

World demand for poultry meat is still rising rapidly. According to the OECD, it is the only meat whose per capita consumption is increasing in all OECD countries. The annual per capita consumption in the United States is projected to increase 7.0 kg by 2006 from the 1996-1999 average. The output from the United States should also rise sharply, fuelled by low feed costs and wide spread vertical integration. This increased output should generate export surpluses of 3.0 million tonnes in 2006. However, U.S. exports are heavily dependent on China and Russia where demand is not sheltered from turnarounds in their economic or political situations.

The projections for EU poultry meat remain uncertain. Although domestic demand should rise, growing competition on world markets will push prices below the 1996–1999 average levels and reduce the profitability. To offset the threat to traditional export markets, EU poultry processors are focusing on higher value products and product branding on domestic markets.

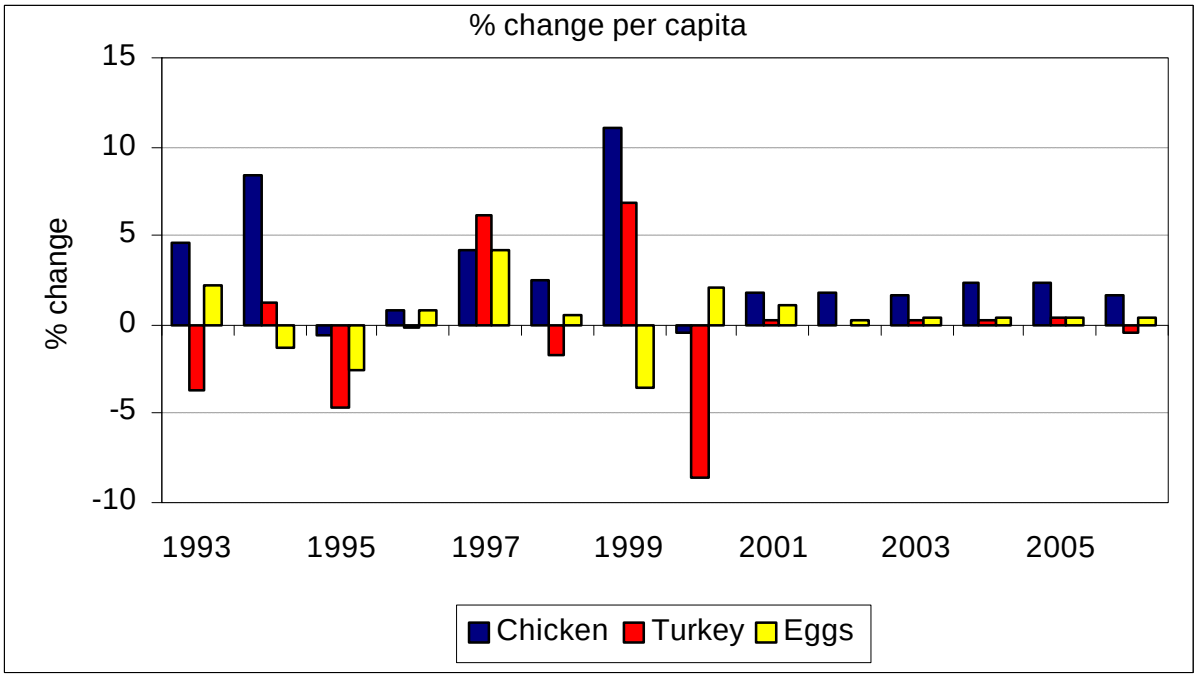
Brazil is an important competitor in the poultry market. Poultry production is boosted by increased foreign investment in its processing sector and by improved breeding and processing technology. The exporters are active in traditional EU markets including the Middle East and Russia. Brazil also competes vigorously with the United States, Thailand and China to export to Japan. Brazil received sanitary and phyto-sanitary (SPS) clearance for poultry exports to Canada and can now compete for Canada's poultry TRQ.

Finally, elimination of the U.S. embargo on exports of agricultural products to Cuba announced on June 27, 2000 was not taken into account in the baseline.

Domestic

The demand for poultry meat in Canada is projected to remain strong over the baseline period (Figure 25). Annual per capita consumption of chicken in 2006 is projected to be 6.2 kg above the 1996–1999 average. Production should also rise significantly due to low feed costs and higher productivity. This increase in output is projected to stimulate exports of chicken from 65 kt in 1999 to 92 kt in 2006. However, the elimination of the U.S. embargo on exports of agricultural products to Cuba may have a negative impact on Canada’s chicken exports. For turkey, annual per capita consumption is projected to remain unchanged at 4.3 kg.

Figure 25: Growth in poultry consumption



Because of low production costs, poultry prices are projected to be below historical levels in the short term. However, by the end of the baseline period, prices are projected to be slightly over the 1996–1999 average reflecting stronger feed prices.

Canadian egg production at the end of the baseline is projected to be about 12 percent higher than the 1996–1999 average. Growth is stimulated by a strong demand for breaker eggs from the agri-food processing industry. In 1990, breaker eggs accounted for 20 percent of all eggs produced in Canada. In 1999, this share has grown to more than 26 percent and is projected to increase to over 30 percent by 2006.

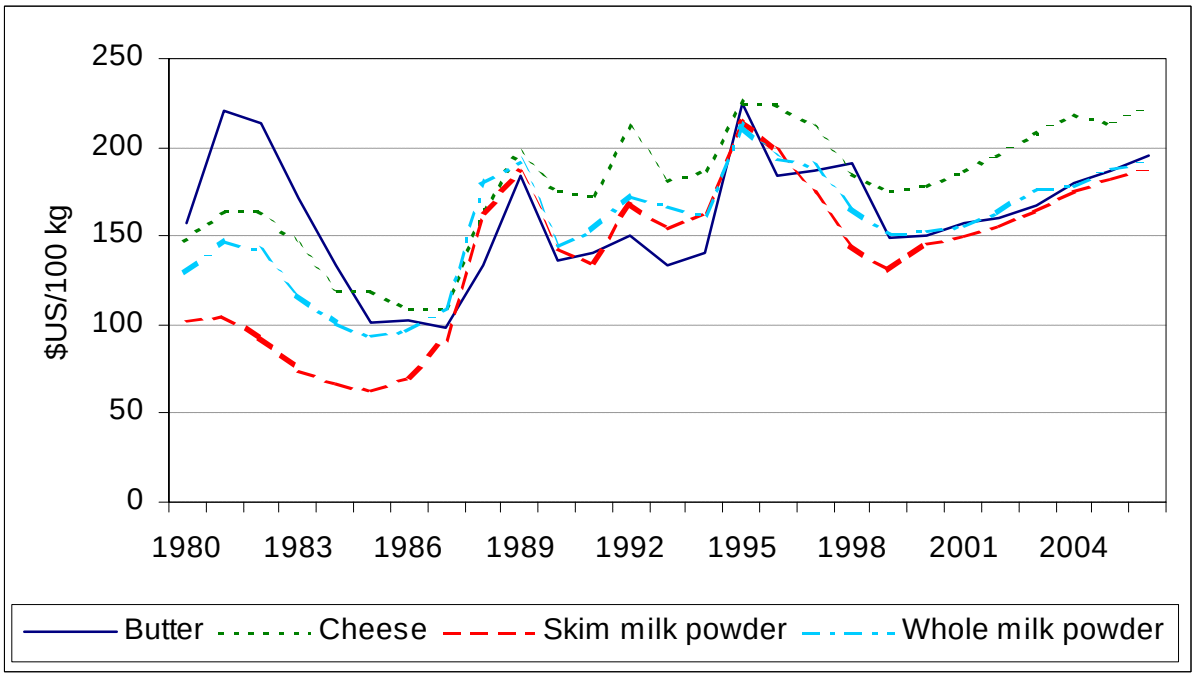
A strong demand for breaker eggs can be explained in part by the close link between U.S. and Canadian breaker egg prices, which are considerably lower than the table egg price in Canada. Because of the NAFTA agreement which does not prescribe tariffs on imported products containing less than 50 percent egg products, Canadian processors were allowed to purchase eggs at a competitive price with their U.S. counterparts. This measure was implemented to allow Canadian processors who used eggs in their products to be competitive with U.S. processors. The loss in revenue by producers from breaker egg sales is compensated by a levy included in the cost of production and the price of table eggs. This levy is projected to increase significantly over the baseline period as U.S. egg prices are projected to be below the 1996-1999 average over the baseline period and as the share of breaker eggs increases. Consequently, table egg prices in Canada are projected to be significantly higher compared to breaker egg prices. As a result, the growth in table egg consumption is projected to be moderate over the baseline period.

Dairy

International

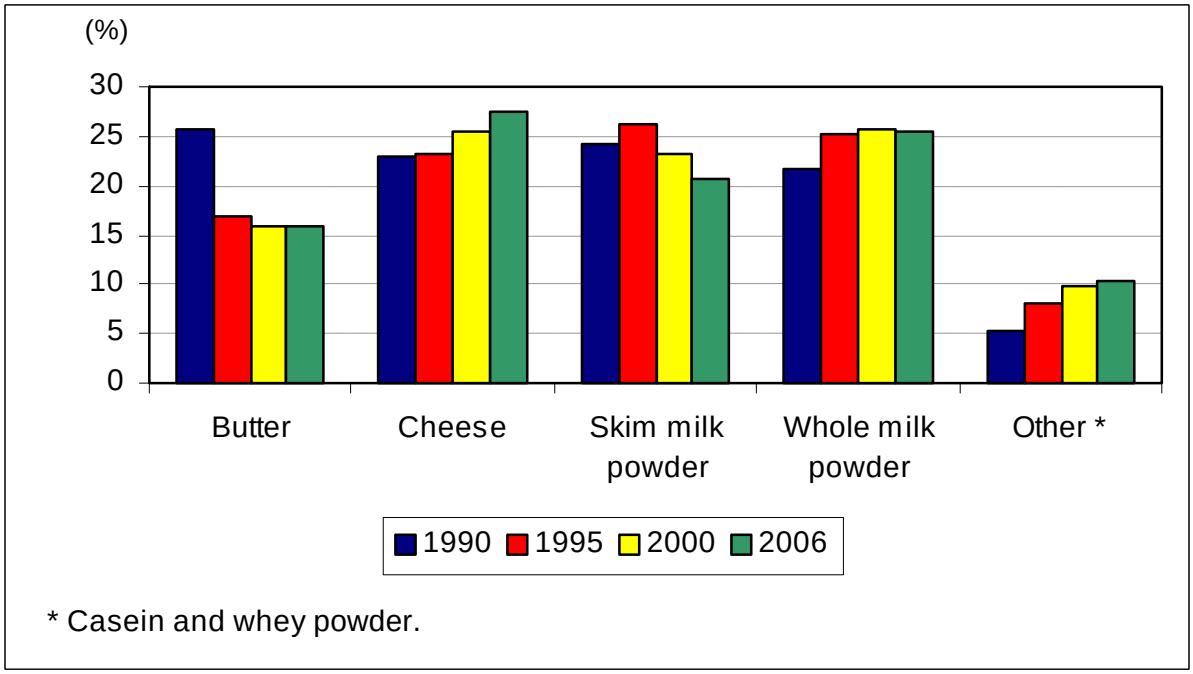
Dairy product prices are projected to climb in the medium term as global demand continues to recover from the recent economic crises in Asia, Latin America and Russia. Butter and skim milk powder (SMP) prices, free-on-board, Northern Europe, will increase from 1,484 and 1,311 thousand US$per tonne in the dairy year 1999/2000 to 1,949 and 1,880 thousand US$per tonne in 2006/2007 respectively (Figure 26). SMP and whole milk powder (WMP) prices benefit from economic recovery in Asia, which accounts for about 50 percent of world SMP and WMP imports. Butter prices are highly dependent on economic conditions in Russia, the major import market. Butter prices will benefit from the projected increase in vegetable oil prices, which will improve from their currently low levels. Cheese prices will rise considerably reflecting strong global demand, especially in OECD countries, which account for 80 percent of world consumption.

Figure 26: World price of dairy products



World dairy trade continues to shift from supply-led trade in basic commodities to demand-led trade in high value-added products. Furthermore, technological advances, particularly in protein extraction and fractionation, have resulted in a fast-growing dairy ingredients market (Figure 27).

Figure 27: Dairy product export shares

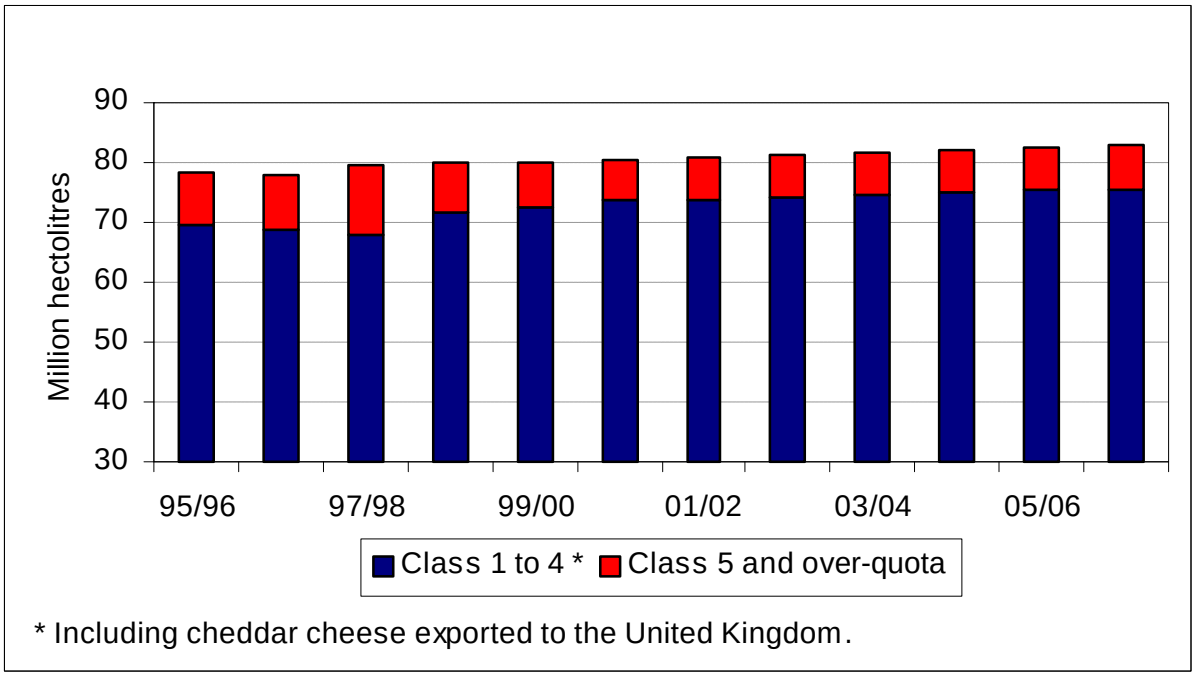


Despite U.S. policy reforms, which include the elimination of support prices, exports of dairy products are not projected to expand significantly in the medium term as U.S. prices remain substantially above world prices. U.S. milk prices bottomed out in 1999 and are projected to recover steadily over the baseline period due to anticipated strong consumer demand for cheese and higher feed prices.

Domestic

Total milk production for the 2000/2001 dairy year of 80.5 million hectolitres (mhl) is up 0.5 percent compared to the previous year. Although domestic production is up by more than 1.1 million hectolitres due to strong domestic demand for dairy products (especially cheese consumption), over-quota production is down by about 20 percent. This reduction in over-quota production in the short term reflects adjustments that are currently being implemented to provincial private export contracts and to meet Canada's WTO limit for subsidized exports of dairy products. Consequently, total production of milk is projected to increase only slightly from 80.1 million hectolitres in 1999/2000 to 82.9 million hectolitres in 2006/2007 (Figure 28).

Figure 28: Milk production—Canada



Fluid milk production in 2000/2001 is projected to increase 1.6 percent from 1999/2000 as rising low-fat milk sales offset the decline of standard milk sales. This trend is projected to continue in the future. Prices of both fluid and industrial milk increase steadily over the baseline period reflecting higher feed costs.

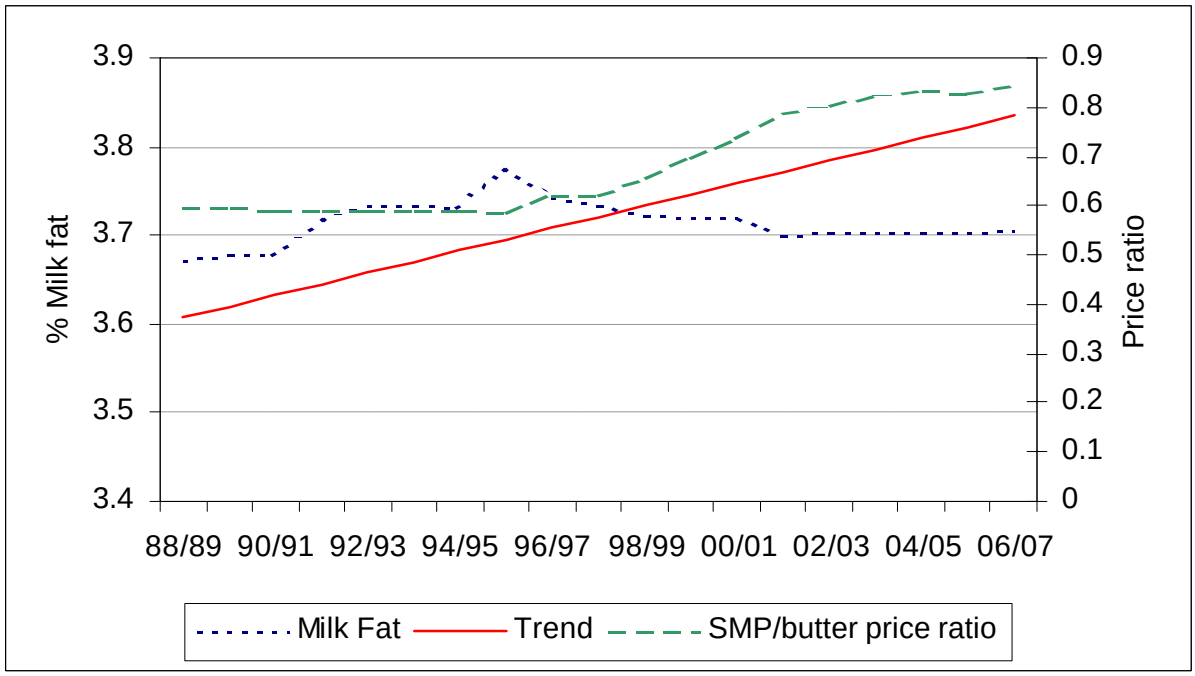
The decision of the WTO Appellate Body changes Canada's special dairy class system. Class 5-e, which included over-quota milk for export, will be eliminated at the end of the current dairy year. Starting in the 2000/2001 dairy year, Class 5-d will include only subsidized exports within Canada's WTO commitments, including cheese exported to the United Kingdom. Furthermore, a new class of milk, Class 4-m, will be implemented soon. It is assumed that SMP residual production will be sold in this class for animal feed at a price competitive with soybean meal prices, which are considerably lower than world SMP prices. In the short term, the quantity of SMP sold in this class is projected to be substantial but, in the medium term, it is projected to be reduced significantly as policy makers and producers make adjustments to the new export mechanisms.

Under the URAA, subsidized exports of dairy products are limited by quantity and value. Since 1995, the limits have been gradually reduced 21 and 36 percent respectively compared to the base export levels. The Canadian authorities are currently working on a proposition to calculate the value of export subsidies. One may expect that the value limits will have a negative impact on Canada's subsidized export levels of dairy products, especially SMP exports. Consequently, subsidized SMP exports are projected to be significantly lower than the historical average over the baseline period.

Since the implementation of supply management in the dairy industry, quotas have been allocated on a butterfat equivalent basis. Because of changing consumer habits and technological advances which have stimulated solid non-fat (SNF) demand, the butter support price was fixed from 1993 to 1996 to avoid a cross-over effect that would have moved the quota from a butterfat equivalent basis to a SNF basis. When producers realized that the price gap

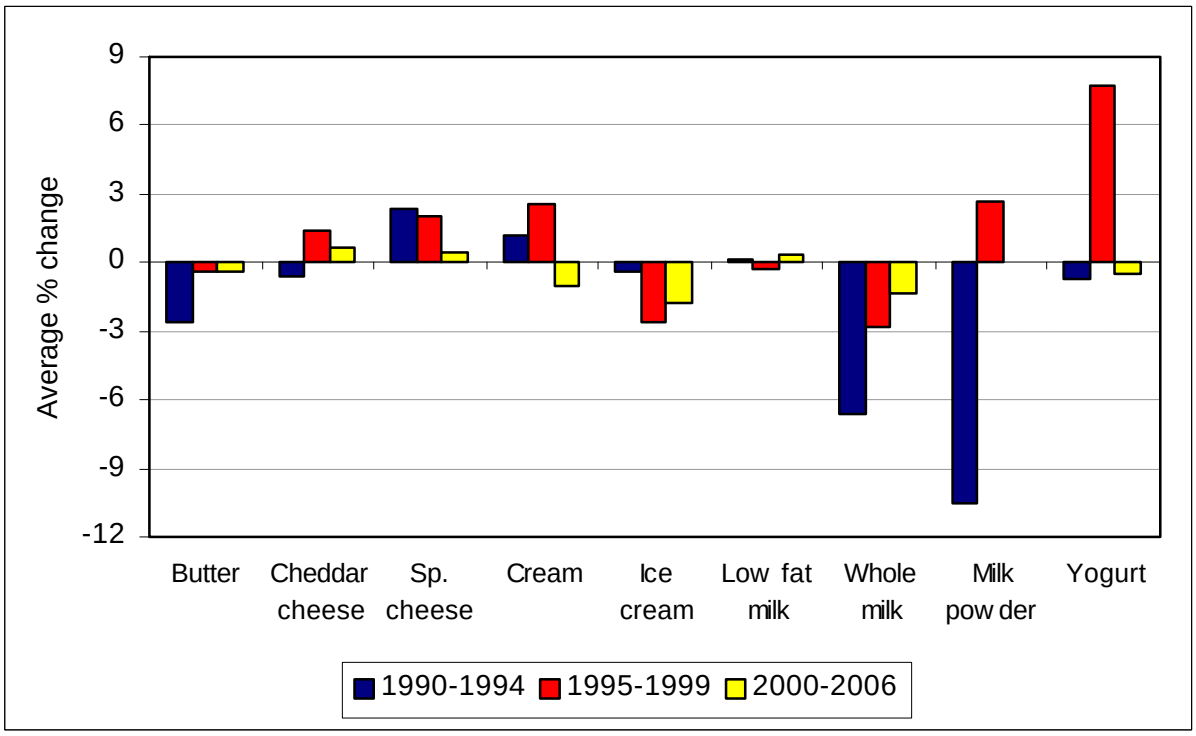
between butter and skim milk powder had decreased, they reduced the butterfat content of the milk they produced to get a better return (Figure 29). Taking into account the changes implemented to the system and new WTO constraints, Canadian authorities have to maintain the support price of butter at a level that will ensure that producers do not reduce the butterfat content of their milk and consequently minimize the residual production of SNF sold in Class 4-m and at the same time, avoid the cross-over effect. Furthermore, the price of milk sold in Class 4-m is projected to range from $9.00 to $11.00 per hectolitre, and therefore the large volume of Class 4-m produced would have a negative impact on the average P-9 pool price that producers receive. For these reasons, we assumed that the price of butter will increase over the baseline period but at a slower pace than the SMP support price. We also assumed that the butterfat content of milk will remain unchanged over the baseline period. As feed prices are projected to recover over the baseline period, the milk cost of production (COP) is also projected to increase. The rise in COP results in an increase in the gross target return for industrial milk which is projected to rise from $56.20 per hectolitre in 1999 to $61.50 per hectolitre by the end of the baseline period.

Figure 29: Milk fat in Canada



Cheese prices should rise significantly over the baseline period reflecting strong domestic demand for both speciality cheeses and cheddar cheese. The disappearance of butter is also projected to increase slightly as vegetable oil prices increase significantly at the end of the projection period. Yogurt has had the highest per capita consumption growth in recent years (Figure 30). From 1997 to 1999, per capita consumption of yogurt grew by about one kilogram. By the end of the baseline period, per capita consumption is projected to be 4.5 kg, compared with 4.0 kg for the 1996-1999 average, a 13 percent increase.

Figure 30: Percent change in per capita consumption of dairy products



Finally, the direct subsidy to milk producers is gradually reduced over the baseline period and will be completely eliminated by 2002/2003.

Farm input price and consumer price indexes

Farm input price indexes

Given the overall macroeconomic environment, and the anticipated outputs in the agriculture sector, price changes for materials and services used by the sector are expected to be moderate. It is anticipated that farm input prices will rise at an average annual rate of 0.7 percent during the baseline period. However, this average masks the current situation in 2000 where input price inflation is 3.1 percent, due to energy related inputs and increases in feeder calf and weaner prices. Over the baseline period, it is projected that there will be a downward trend in the annual inflation rates for these inputs from 3.1 percent in 2000 to 0.4 percent in 2006, due to interest, petroleum products, pesticides, weaners and feeder cattle prices from 2001 forward.

Over the baseline period, it is anticipated that the industry will benefit from price declines in five of the 20 main agricultural input categories: feeder cattle (4.8 percent), weaners (3.1 percent), mortgage interest (0.7 percent), interest other than mortgage interest (0.6 percent), and petroleum products (0.3 percent). Costs will remain high for petroleum products, given the significant increase recorded in 2000. The combined weight of these five categories in the index is about 30 percent.

Five sectors, however, will have significant average increases: veterinary care (3.3 percent), machinery repair (2.7 percent), feed (2.7 percent), hired farm labour (2.6 percent), and custom work (1.9 percent). These increases are associated with rising costs of labour in the economy at large.

In summary, production costs in Canada's agricultural industry may rise over the baseline period. Even though prices may rise, production cost increases are moderated by productivity gains which will tend to offset price increases. If productivity increases continue as in the past, in the range of one to two percent range, actual production costs may remain stable. Such productivity gains reflect new technology, but they also reflect industry re-structuring and rationalization which have been ongoing characteristics of the sector.

Consumer price indexes

Aggregate indexes

The projections over the baseline period indicate that the aggregate consumer price index (CPI) will increase at an average annual rate of 2.2 percent between 2000 and 2006. Higher growth is projected for non-food products relative to food products (average annual growth of 2.4 percent and 1.5 percent respectively). 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 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 (2.2 percent and 1.2 percent respectively).

Meat sector indexes

Growth is anticipated to be very slow in the meat sector, with inflation at 0.3 percent a year between 2000 and 2006. Indeed, in spite of the short-term volatility of the cyclical pork market, the two major components of the meat sector seem to be at a standstill: beef—with an average annual decline of 0.1 percent and pork–with an average annual increase of 0.1 percent. Poultry is the only meat group supporting growth in the sector. After a 3.4 percent drop between 1999 and 2000, because of lower wholesale prices of chicken (a 4.6 percent drop), the CPI for poultry is projected to rebound, increasing at an average annual rate of 2.5 percent over the 2001-2006 period, while the egg CPI follows at an average annual rate of 1.8 percent during the baseline period.

Dairy product indexes

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 2.3 percent between 2000 and 2006. Butter has the slowest growth rate–1.3 percent. Like butter, milk also has a slow average growth–1.6 percent for whole and powdered milk and 1.7 percent for skimmed milk. CPI growth for powdered milk picks up by 2003, to reach an average of 2.5 percent between 2003 and 2006. Cheese and ice cream have the highest CPI growth rate, with 2.9 percent and 4.6 percent per annum respectively. By the end of this baseline period, the CPI for ice cream will be the highest of all tracked dairy products.

Cereal product indexes

The CPI for cereal products grows by an average annual rate of 1.0 percent during the 2001–2006 period. In the 1999-2001 period, average annual growth drops by half to 0.5 percent as a result of the falling CPI for pasta products, which in turn was caused by a drop in price for durum wheat. Moreover, because baked goods make up the most significant share of cereal products, their CPI growth is very close to the CPI for cereal products, that is, 1.1 percent over the 2000-2006 period. Finally, the drastic 30 percent fall in the price of durum wheat between 1999 and 2001 results in a decline of 2.3 percent in the CPI for pasta products over that period. The subsequent recovery in the price of wheat will then lead to an average annual growth of 0.5 percent.

Fruit and vegetable indexes

The CPI for fruit is anticipated to rise an average of 1.8 percent a year, owing to a positive outlook for U.S. prices, which are offset somewhat by the anticipated higher Canadian dollar. Growth in the CPI for vegetables occurs in the first two years (3.0 percent average over the 1999–2001 period), but no growth afterward (average drop of 0.1 percent over the 2001–2006 period). This slowdown results from a slow increase of the price of vegetables in the United States and from a decline in the price of potatoes during the baseline period.

Other food indexes

The CPI for other food products will increase at an average annual rate of 1.5 percent from 2000 to 2006. The CPI for sugar, which is a volatile market, is projected to fall by about 33 percent between 1999 and 2001. This sharp drop is due largely to a global supply surplus from Brazil, which is a major producer of sugar cane. However, a 21.6 percent recovery is projected between 2001 and 2003, as world producers adjust to the sugar surplus. Subsequently, between 2004 and 2006, average annual growth is projected to be 4.2 percent. Still, with an 11.1 percent gap between the two years, the 2006 index will fall below the 1999 level. Finally, since the CPI for fat and oil products depends primarily on the CPI for margarine, their average annual growth is expected to be the same–2.4 percent during the 2000-2006 period, and their CPI trends parallel each other. Nevertheless, a 6.1 percent drop in both CPIs between 1999 and 2000 is anticipated, due to the falling world prices for vegetable oils in this period.

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United States Department of Agriculture. "Long Term Agricultural Projections to 2009." Washington: USDA, February 2000.

Appendix A: Comparison of international price projections

The following set of graphs highlight prospects for international wheat, corn and soybean prices set out by five agencies: AAFC, ABARE, FAPRI, OECD, and USDA.

Projections have been extracted from the following publications:

- Australian Bureau of Agriculture and Resource Economics. "Outlook 2000." Canberra: ABARE, February 2000.
- Food and Agricultural Policy Research Institute. "2000 World Agricultural Outlook." Ames, Iowa: FAPRI, January 2000.
- Organisation for Economic Co-operation and Development. "Agricultural Outlook 2000–2005." Paris: OECD, March 2000.
- United States Department of Agriculture. "Long Term Agricultural Projections to 2009." Washington: USDA, February 2000.

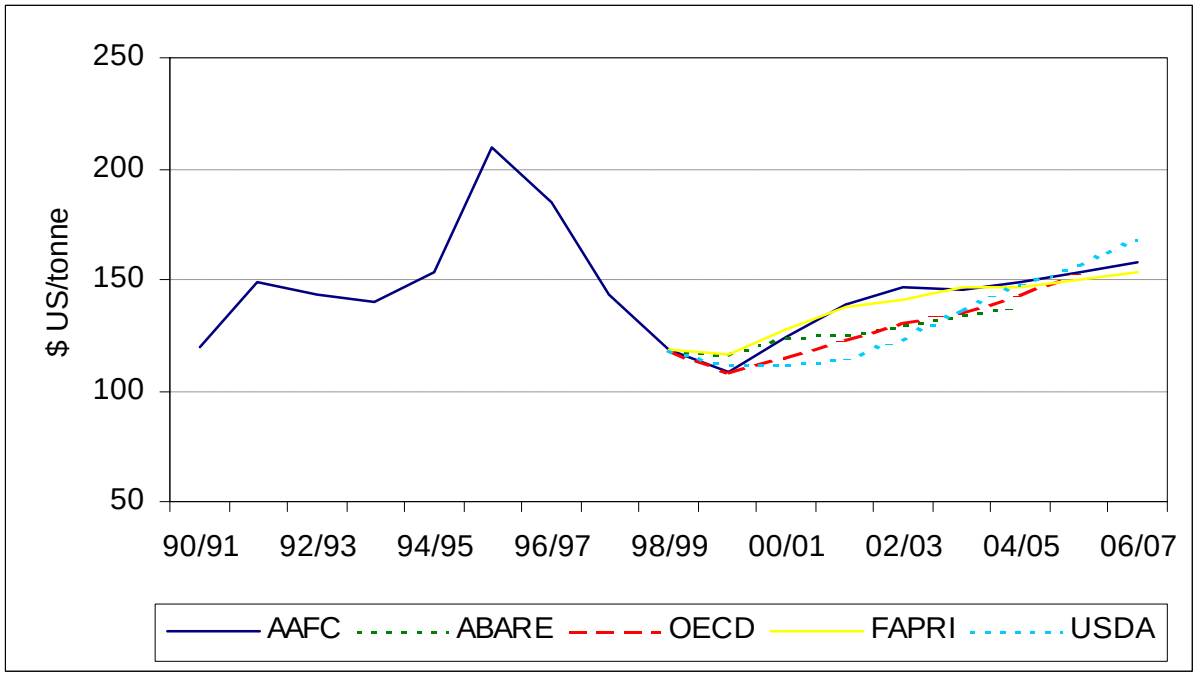
Comparing international price projections across agencies is not straightforward for many reasons. The five agencies conducted their projections at different times in the year, and hence used different information sets. Different agencies report different prices. For most commodities, no price could 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 1999 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 between the agencies. OECD projections are based on submissions made by member countries. As a result, they tend to reflect a weighted average of the views from participants in their outlook process.

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

- Differences between projected price levels reflect mainly a different balance between 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.
- Decreases in commodity-specific, production-distorting policies have a positive influence on world prices.

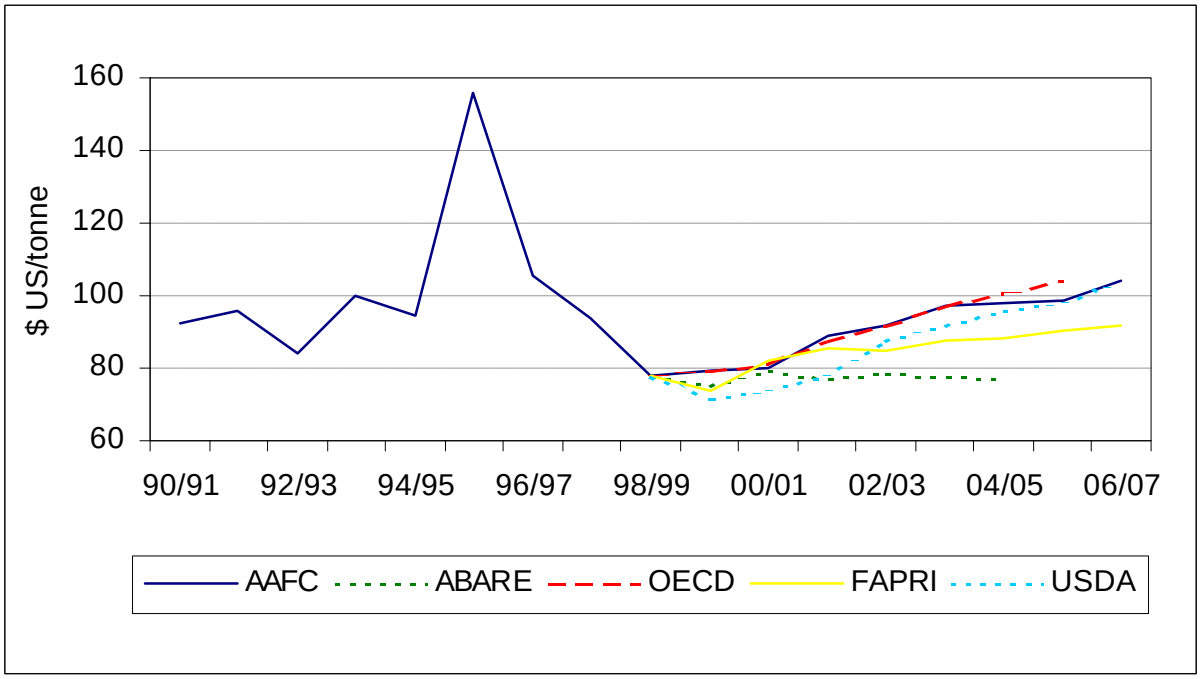
Figure A.1: U.S. wheat price—Gulf



International wheat price comparison

Comparisons were made using the U.S. hard red winter wheat gulf price (US$/t) as the indicator price. The U.S. gulf price was reported by all agencies except the USDA. For the USDA, a gulf price was developed by applying annual percentage changes of the U.S. farm price to the 1999 value of the U.S. gulf price.

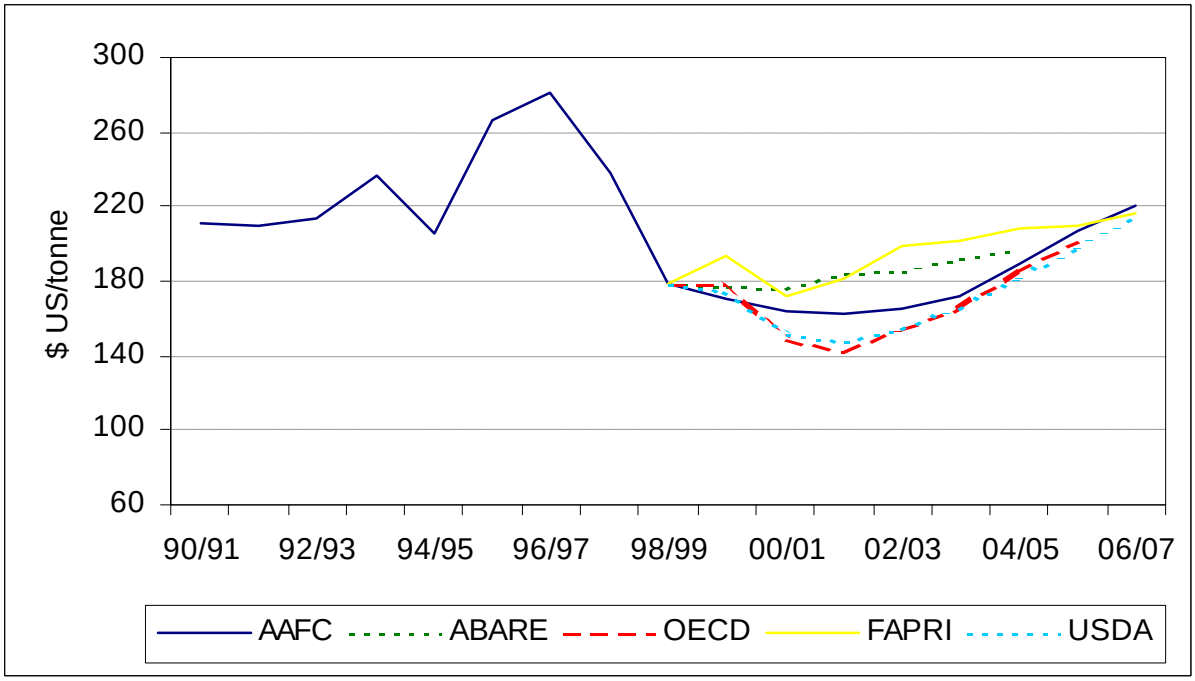
Figure A.2: U.S. corn price—Central Illinois



International corn price comparison

Comparisons were made using the Central Illinois corn price (US$/t) as the indicator price. All agencies except the AAFC reported the gulf price rather than the Central Illinois corn price. The projections used by AAFC were developed by applying annual percentage changes of the U.S. gulf price to the 1999 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. Some agencies reported the farm and gulf prices rather than the Central Illinois soybean price. Projections for these agencies were developed by applying annual percentage changes of the respective prices to the 1999 value of the Central Illinois soybean price.

Appendix B:
Tables

Table B.1: Economic assumptions

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	Growth rate 2000–2006
REAL GDP (Annual percent change)													
Australia	4.00	3.85	5.08	3.92	2.98	4.02	3.41	3.52	3.54	3.37	3.37	4.2	
EU 15	1.61	2.50	2.70	2.10	2.75	2.67	2.52	2.46	2.23	2.26	2.26	2.2	
Japan	5.05	1.43	-2.83	1.39	1.40	1.20	2.10	2.20	1.70	1.80	1.80	1.3	
South Korea	6.75	5.01	-5.84	9.02	6.51	5.66	5.53	5.30	5.03	5.00	5.00	3.7	
Mexico	5.10	6.76	4.90	3.40	3.32	3.95	4.64	4.88	4.90	4.97	4.97	5.0	
Poland	6.05	6.80	4.80	3.47	5.22	5.83	5.36	5.04	5.08	5.15	5.15	5.3	
United States	3.66	4.50	4.30	3.81	3.07	2.28	2.05	3.00	3.45	3.38	3.38	4.1	
Argentina	4.78	8.59	3.90	-1.06	1.71	3.03	4.73	4.12	4.15	4.14	4.14	4.1	
China	9.88	8.80	7.80	7.00	6.80	7.00	7.50	7.60	7.60	7.60	7.60	8.4	
Rest of world[1]	4.96	4.07	1.05	2.11	3.82	4.25	4.49	4.46	4.47	4.51	4.51	3.0	
CPI (Annual percent change)													
Australia	2.61	0.25	0.85	1.43	4.21	3.50	2.78	3.00	2.80	2.50	2.50	1.3	
EU 15	2.50	2.05	1.73	1.20	2.70	1.80	1.90	1.80	1.70	1.70	1.70	1.9	
Japan	0.13	1.71	0.65	-0.30	-0.30	-0.30	0.20	0.50	0.50	0.50	0.50	0.5	
South Korea	4.92	4.44	7.51	0.90	2.50	2.75	2.70	2.70	2.90	3.00	3.00	4.4	
Mexico	34.38	20.62	15.93	16.50	10.70	8.70	7.61	7.00	6.60	6.31	6.31	21.9	
Poland	19.91	14.88	11.58	7.02	7.12	5.40	4.50	4.10	3.73	3.61	3.61	13.3	
United States	2.93	2.34	1.55	1.59	2.31	2.40	2.30	2.21	2.20	2.10	2.10	2.1	
Argentina	0.83	0.79	-1.44	8.12	2.27	2.50	2.72	3.13	3.62	3.91	3.91	2.1	
China	5.92	1.24	-2.00	-1.00	2.50	3.00	4.00	4.50	4.75	4.75	4.75	1.0	
POPULATION (Million)													
World	5727.9	5808.6	5890.7	5970.1	6049.9	6129.1	6208.1	6286.6	6365.2	6443.0	6522.0	5849.3	1.3%
OECD	1087.6	1094.1	1101.3	1107.6	1114.6	1121.6	1128.6	1135.4	1142.3	1148.6	1155.0	1097.6	0.6%
Non OECD	4640.3	4714.5	4789.4	4862.4	4935.3	5007.5	5079.6	5151.2	5222.9	5294.4	5367.0	4751.7	1.4%
EXCHANGE RATE													
Australia—A$/US$	1.28	1.35	1.59	1.55	1.54	1.54	1.55	1.56	1.56	1.56	1.57	1.4	0.3%
EU 15—Euro/US$	0.79	0.88	0.89	0.85	1.02	1.00	1.00	0.99	0.99	0.99	0.99	0.9	-0.5%
Japan—¥/US$	108.82	121.00	130.89	114.28	106.00	106.00	103.97	102.13	100.27	98.48	98.48	118.7	-1.2%
South Korea—Won/US$	804.42	950.51	1400.48	1190.32	1204.80	1204.80	1204.13	1211.79	1220.82	1231.65	1242.58	1086.4	0.5%
Mexico—NM$/US$	7.60	7.92	9.15	9.59	9.61	9.61	10.14	10.65	11.17	11.69	12.24	8.6	4.1%
New Zealand—NZ$/US$	1.45	1.51	1.87	1.89	1.95	1.95	1.94	1.93	1.93	1.92	1.92	1.7	-0.2%
Poland—ZI/US$	2.70	3.28	3.49	3.95	4.24	4.37	4.48	4.57	4.65	4.72	4.79	3.4	2.1%
China—Yuan/US$	8.31	8.29	8.18	8.20	8.17	8.33	8.57	8.85	9.17	9.49	9.82	8.2	3.1%

Source: OECD—Agricultural Outlook 2000–2005 (except EU15 inflation rate in 2000 and the Euro over the entire baseline).

Note: 1. Excludes NIS and Slovakia.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
EU15														
Cereal support price[1] (Euro/t)	119.2	119.2	119.2	119.2	110.3	101.3	101.3	101.3	101.3	101.3	101.3	119.2	-15.0%	-1.4%
Cereal compensation[2,3] (Euro/t)	54.3	50.4	54.3	54.3	58.7	63.0	63.0	63.0	63.0	63.0	63.0	53.3	18.1%	1.2%
Set-aside rate[8] (%)	10.0	5.0	5.0	10.0	15.5	14.6	14.1	11.9	10.5	9.7	9.7	7.5	28.8%	-7.6%
Set-aside payment[3] (Euro/t)	69.0	68.8	68.8	68.8	58.7	63.0	63.0	63.0	63.0	63.0	63.0	68.9	-8.5%	1.2%
Subsidised export limits[4] (mt)														
wheat	19.2	18.0	16.8	15.6	14.4	14.4	14.4	14.4	14.4	14.4	14.4	17.4	-17.2%	0.0%
coarse grains	13.1	12.6	12.0	11.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	12.3	-15.3%	0.0%
Oilseed compensation[2,6] (Euro/t)	131	94	94	94	82	72	63	63	63	63	63	103.3	-39.0%	-4.3%
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)	182.6	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	193.3	190.6	1.4%	0.0%
CRP areas (Mha)														
wheat	4.3	3.7	3.8	4.0	4.4	4.5	4.6	4.7	4.7	4.7	4.7	4.0	19.0%	1.1%
coarse grains[5]	4.2	2.7	2.6	2.7	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1	1.6%	0.5%
soybeans	1.6	1.5	1.3	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.4	-8.8%	-1.2%
CHINA														
Wheat procurement price (Yuan/t)	1275.0	1292.0	1285.1	1330.4	1378.3	1447.8	1528.1	1616.7	1710.4	1800.7	1895.8	1295.6	46.3%	5.5%
Coarse grains procurement price (Yuan/t)	1080.0	1153.5	1182.4	1230.1	1285.8	1357.4	1439.9	1531.1	1609.8	1691.6	1777.5	1161.5	53.0%	5.5%
JAPAN														
Tariffs[4]														
rapeseed oil ('000¥/t)	15.0	14.0	12.9	11.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	13.4	-19.0%	0.0%
soybean oil ('000¥/t)	15.0	14.0	12.9	11.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	13.4	-19.0%	0.0%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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 July 1.
5. Includes barley, maize, oats and sorghum.
6. Payments made per hectare based.
7. For non-recourse commodity loans.
8. Compulsory and voluntary.

Table B.3: Main policy assumptions for livestock markets

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
MEAT														
EU15														
Beef support price[1,2] (Euro/kg dw)	2.8	2.8	2.8	2.8	2.6	2.4	2.2	2.2	2.2	2.2	2.2	2.8	-20.0%	-2.5%
Male bovine premium[3] (Euro/head)	131.2	152.1	152.1	152.1	178.0	203.0	229.0	229.0	229.0	229.0	229.0	146.9	55.9%	4.3%
Adult bovine slaughter premium[4] (Euro/head)	0.0	0.0	0.0	0.0	48.5	74.5	101.5	101.5	101.5	101.5	101.5	0.0	—	13.1%
Calf slaughter premium (Euro/head)	0.0	0.0	0.0	0.0	17.0	33.0	50.0	50.0	50.0	50.0	50.0	0.0	—	19.7%
Suckler cow premium (Euro/head)	145.0	145.0	145.0	145.0	163.0	182.0	200.0	200.0	200.0	200.0	200.0	145.0	37.9%	3.5%
Subsidised export limits[2] (kt cwe)														
pig meat[5]	522.0	503.0	483.0	463.0	444.0	444.0	444.0	444.0	444.0	444.0	444.0	492.8	-9.9%	0.0%
beef[5]	1074.2	1011.0	947.8	884.7	837.4	821.7	821.7	821.7	821.7	821.7	821.7	979.4	-16.1%	-0.3%
poultry meat	405.0	375.0	345.0	316.0	286.0	286.0	286.0	286.0	286.0	286.0	286.0	360.3	-20.6%	0.0%
JAPAN[6]														
Beef tariff[18] (%)	47.5	44.3	42.3	40.4	38.5	38.5	38.5	38.5	38.5	38.5	38.5	43.6	-11.7%	0.0%
Pig meat import system														
tariff (%)	5.2	4.8	4.5	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.7	-9.0%	0.0%
standard import price[19] (¥/kg dw)	532.5	466.0	442.5	432.5	422.5	422.5	422.5	422.5	422.5	422.5	422.5	468.4	-9.8%	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 (%)	43.2	42.8	42.4	42.0	41.6	41.2	40.8	40.4	40.0	40.0	40.0	42.6	-6.1%	-0.7%
Beef mark-up (%)	60.0	40.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.5	-100.0%	—
Pig meat tariff (%)	34.6	33.4	32.2	31.0	29.8	27.9	26.1	25.2	25.0	25.0	25.0	32.8	-23.8%	-2.9%
MEXICO[8]														
Pig meat tariff-quota (kt pw)	74.0	76.0	79.0	81.0	84.0	87.0	90.0	94.0	94.0	94.0	94.0	77.5	21.3%	1.9%
in-quota tariff (%)	14.0	12.0	10.0	8.0	6.0	4.0	2.0	0.0	0.0	0.0	0.0	11.0	-100.0%	-100.0%
Poultry meat tariff-quota (kt pw)	101.0	104.0	107.0	110.0	113.0	116.0	120.0	123.0	123.0	123.0	123.0	105.5	16.6%	1.4%
UNITED STATES														
Beef tariff-quota[9] (kt pw)	676.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	696.6	691.6	0.7%	0.0%
over-quota tariff (%)	29.5	28.8	28.0	27.2	26.4	26.4	26.4	26.4	26.4	26.4	26.4	28.4	-7.0%	0.0%
CHINA														
Pig meat tariff (%)	45.0	45.0	20.0	20.0	18.4	16.8	15.2	13.6	12.0	12.0	12.0	32.5	-63.1%	-6.9%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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 U.S. and Canadian pig meat and U.S. poultry meat.*
9. *Non-NAFTA suppliers.*
10. *Total quota.*
11. *Year ending June 30.*
12. *Manufacturing milk.*
13. *Paid to producers.*
14. *Difference between transaction price and guaranteed price.*
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 March1996 and July1996 to June 1997.*

Table B.3: Main policy assumptions for livestock markets (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
DAIRY														
EU15[6]														
Milk quota[10] (mt pw)	121	117	117	117	118	119	119	119	119	119	119	118.0	0.8%	0.1%
Milk target price (Euro/litre)	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.31	0.30	0.32	-5.6%	-1.0%
Butter intervention price (Euro/t)	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3282.0	3200.0	3120.0	3282.0	-4.9%	-0.8%
SMP intervention price (Euro/t)	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2055.2	2003.8	1953.7	2055.2	-4.9%	-0.8%
Subsidised export limits[11] (kt pw)														
butter	469.9	452.3	434.8	417.0	403.5	399.0	399.0	399.0	399.0	399.0	399.0	443.5	-10.0%	-0.2%
cheese	405.1	384.0	363.0	342.0	326.3	321.0	321.0	321.0	321.0	321.0	321.0	373.5	-14.1%	-0.3%
SMP	322.8	310.3	297.8	285.3	276.0	273.0	273.0	273.0	273.0	273.0	273.0	304.0	-10.2%	-0.2%
other milk products	1140.0	1094.5	1049.0	1003.6	969.5	958.1	958.1	958.1	958.1	958.1	958.0	1071.8	-10.6%	-0.2%
JAPAN[6]														
Milk guaranteed price[12] (¥/litre)	78.0	76.5	76.1	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	76.4	-1.9%	0.0%
standard transaction price[13] (¥/litre)	66.2	65.3	64.9	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	65.0	-1.9%	0.0%
deficiency payment[14] (¥/litre)	11.8	11.2	11.2	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.3	-1.8%	0.0%
Cheese tariff[15] (%)	33.3	32.4	31.5	30.7	29.8	29.8	29.8	29.8	29.8	29.8	29.8	32.0	-6.8%	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]	127	128	130	132	134	134	134	134	134	134	134	129.3	3.7%	0.0%
MEXICO[2]														
Tariff-quotas (kt pw)														
milk powders	122	124	125	126	128	129	131	132	134	134	134	124.3	7.8%	0.8%
of which NAFTA	42.4	43.7	45.0	46.4	47.8	49.2	50.7	52.2	52.2	52.2	52.2	44.4	17.6%	1.5%
UNITED STATES[16]														
Milk support price[12] (USc/litre)	23.5	23.2	22.8	22.5	22.5	0	0	0	0	0	0	23.0	-100.0%	-100.0%
Butter support price (US$/t)	1433	1411	1391	1433	1433	0	0	0	0	0	0	1417.0	-100.0%	-100.0%
SMP support price (US$/t)	2332	2297	2264	2229	2227	0	0	0	0	0	0	2280.5	-100.0%	-100.0%
Cheese tariff-quota (kt pw)	120	124	128	132	136	136	136	136	136	136	136	126.0	7.9%	0.0%
Subsidised export limits[11]														
butter (kt pw)	39	34	30	25	21	21	21	21	21	21	21	32.0	-34.4%	0.0%
SMP (kt pw)	100	92	84	76	68	68	68	68	68	68	68	88.0	-22.7%	0.0%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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 U.S. and Canadian pig meat and U.S. poultry meat.
9. Non-NAFTA suppliers.
10. Total quota.
11. Year ending June 30.
12. Manufacturing milk.
13. Paid to producers.
14. Difference between transaction price and guaranteed price.
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 March1996 and July1996 to June 1997.

Table B.4: International wheat market

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Wheat Supply-Disposition (Mt)[1]														
Area harvested (Mha)	231.3	228.2	224.9	221.3	221.5	226.5	228.2	231.0	230.4	230.4	231.0	226.4	2.0%	0.7%
Yield (t/ha)	2.52	2.65	2.59	2.61	2.60	2.65	2.70	2.74	2.77	2.80	2.83	2.59	9.1%	1.4%
Production	582.6	604.5	583.2	577.5	575.1	600.3	615.3	633.1	638.3	645.9	653.3	586.9	11.3%	2.1%
Disappearance	576.2	581.4	584.8	585.0	590.5	599.3	608.2	625.6	636.2	645.1	655.6	581.9	12.7%	1.8%
of which feed	95.0	98.3	101.2	96.3	100.5	102.6	102.8	108.1	110.0	110.8	113.5	97.7	16.2%	2.0%
Ending Stocks	111.6	134.7	133.0	125.5	110.1	111.1	118.3	125.8	127.9	128.7	126.3	126.2	0.1%	2.3%
Stocks-to-Use Ratio	0.19	0.23	0.23	0.21	0.19	0.19	0.19	0.20	0.20	0.20	0.19	0.22	-11.2%	0.5%
Wheat Price, 1HRW, US Gulf (US$/t)	184.3	142.9	118.8	108.7	124.3	139.3	146.4	145.9	148.8	153.0	158.2	138.7	14.1%	4.1%
Wheat Price, 1HAD, Minneapolis (US$/t)	205.5	219.5	149.1	160.0	149.3	164.3	171.4	170.9	173.8	178.0	183.2	183.5	-0.2%	3.5%
Major Net Exporters (Mt)[2]														
Argentina	9.6	10.2	5.8	9.0	9.5	10.8	11.6	12.1	12.0	11.8	11.9	8.6	38.2%	3.8%
Australia	19.2	15.7	16.4	17.2	15.9	17.2	17.2	17.7	17.6	17.7	18.5	17.1	8.0%	2.5%
Canada	19.2	19.9	14.6	18.5	17.8	19.2	20.0	20.5	20.2	19.6	19.2	18.1	5.9%	1.2%
European Union	14.6	11.1	12.0	13.4	13.1	18.4	17.2	16.5	20.3	25.2	25.3	12.8	98.4%	11.7%
United States	24.7	25.7	25.6	26.0	29.5	29.3	32.1	33.8	34.3	34.0	34.3	25.5	34.6%	2.5%
Canada's Trade Share (%)	22.0	24.1	19.7	22.0	20.7	20.2	20.4	20.4	19.4	18.1	17.5	22.0	-20.2%	-2.7%
Major Net Importers (Mt)[3]														
China	1.7	0.2	0.7	0.1	2.8	1.6	1.0	1.3	2.0	2.3	2.4	0.7	256.3%	-2.4%
Japan	5.9	6.0	5.7	5.8	5.8	5.9	5.9	5.9	6.0	6.0	6.0	5.8	3.4%	0.8%
South Korea	3.3	4.2	5.0	4.0	3.1	2.9	2.9	3.7	3.6	3.6	4.2	4.1	1.9%	5.3%
Rest of World[4]	68.6	68.4	63.1	70.8	65.2	77.8	81.7	82.9	86.7	89.6	91.2	67.7	34.6%	5.7%

Historical data sources: Statistics Canada—Cereals and Oilseeds Review; OECD—Agricultural Outlook 2000–2005.

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.

Table B.5: International coarse grain market

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Coarse Grains Supply-Disposition (Mt)[1]														
Area harvested (Mha)	322.2	314.5	309.9	311.3	319.3	316.0	323.9	323.1	327.9	328.5	328.6	314.5	4.5%	0.5%
Yield (t/ha)	2.83	2.89	2.84	2.81	2.81	2.87	2.88	2.93	2.97	3.02	3.05	2.84	7.4%	1.4%
Production	911.5	910.2	879.3	874.5	898.9	905.4	933.1	946.8	973.5	991.6	1003.2	893.9	12.2%	1.8%
Disappearance	880.8	878.3	874.6	877.9	895.4	914.4	938.0	953.3	974.9	993.7	1010.6	877.9	15.1%	2.0%
of which feed	583.6	584.2	578.8	581.4	600.3	614.6	637.0	649.5	667.3	684.0	698.3	582.0	20.0%	2.6%
Ending Stocks	126.1	158.0	162.7	159.2	162.7	153.7	148.7	142.2	140.8	138.8	131.4	151.5	-13.3%	-3.5%
Stocks-to-Use Ratio	0.14	0.18	0.19	0.18	0.18	0.17	0.16	0.15	0.14	0.14	0.13	0.17	-24.7%	-5.4%
Corn, No. 2 Yellow, Central Illinois (US$/t)	105.4	93.8	77.8	79.1	80.3	89.3	92.0	97.3	98.1	98.5	104.1	89.0	16.9%	4.4%
Barley, No. 2 feed, Portland (US$/t)	140.9	119.7	97.0	104.0	102.2	112.7	115.5	121.9	123.5	124.3	129.7	115.4	12.4%	4.1%
Major Net Exporters (Mt)[2]														
Argentina	11.5	15.1	9.2	10.7	11.5	12.5	13.0	13.1	13.2	12.0	11.6	11.6	0.1%	0.1%
Australia	4.7	3.8	5.2	3.1	3.1	3.4	3.6	3.8	3.9	4.2	4.5	4.2	5.9%	6.3%
Canada	5.4	2.9	3.2	3.8	3.6	4.0	3.6	3.4	3.7	3.5	3.4	3.8	-11.1%	-0.7%
European Union	9.0	6.9	11.2	8.6	7.0	7.0	7.0	8.7	9.1	10.0	14.9	8.9	67.4%	13.4%
United States	48.8	42.7	53.2	57.2	50.8	53.6	48.9	50.0	52.8	53.6	48.9	50.5	-3.2%	-0.6%
Canada's Trade Share (%)	6.8	4.1	3.9	4.5	4.7	5.0	4.7	4.3	4.5	4.2	4.1	4.8	-15.5%	-2.2%
Major Net Importers (Mt) [3]														
China	-1.9	-4.6	-3.5	-1.9	-0.2	-0.4	0.4	0.3	0.8	1.2	0.8	-3.0	-126.3%	—
Japan	21.9	21.8	21.8	22.2	21.5	21.8	21.8	21.6	21.9	22.0	22.0	21.9	0.4%	0.4%
South Korea	10.0	7.5	7.4	8.7	8.3	8.6	8.9	8.5	8.6	8.7	8.4	8.4	-0.2%	0.0%
Mexico	3.6	4.2	5.6	4.9	4.4	4.7	5.1	5.6	5.9	6.4	6.3	4.6	38.0%	6.0%
Rest of World[4]	42.8	45.1	51.8	50.8	49.8	53.8	50.3	54.2	56.3	55.0	57.8	47.6	21.4%	2.5%

Historical data sources: Statistics Canada—Cereals and Oilseeds Review; OECD—Agricultural Outlook 2000–2005.

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.

Table B.6: International oilseed market

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Oilseeds Supply-Disposition (Mt) [1]														
Area harvested (Mha)	105.2	112.4	118.5	120.5	119.2	120.8	120.7	121.6	121.7	122.6	125.8	114.1	10.2%	0.9%
Yield (t/ha)	1.78	1.90	1.87	1.84	1.92	1.94	1.97	1.99	2.01	2.04	2.07	1.85	11.9%	1.2%
Production	187.8	213.2	221.3	221.4	228.6	234.3	237.9	242.2	244.9	249.7	260.0	210.9	23.3%	2.2%
Disappearance	191.3	211.2	216.1	218.5	226.3	232.9	237.3	243.9	248.2	252.5	260.8	209.3	24.6%	2.4%
of which crush	167.0	185.1	189.3	193.5	200.7	206.5	210.4	216.0	220.0	224.1	231.8	183.7	26.2%	2.4%
Ending Stocks	9.4	11.4	16.6	19.4	21.7	23.2	23.9	22.1	18.8	16.0	15.1	14.2	6.4%	-5.9%
Stocks-to-Use Ratio	0.05	0.05	0.08	0.09	0.10	0.10	0.10	0.09	0.08	0.06	0.06	0.07	-13.8%	-8.1%
Soybean Price, Central Illinois (US$/t)	280.6	237.9	178.0	169.9	163.3	162.4	165.7	171.9	189.1	207.4	220.1	216.6	1.6%	5.1%
Major Net Exporters (Mt) [2]														
Argentina	0.1	3.1	2.8	3.8	3.4	3.1	2.6	2.3	2.2	1.7	1.0	2.4	-60.2%	-18.9%
Australia	0.2	0.5	1.3	1.5	1.3	1.3	1.3	1.2	1.3	1.3	1.3	0.9	49.2%	0.3%
Canada	2.7	3.4	4.4	4.1	4.0	4.1	3.1	2.8	3.1	3.8	4.3	3.7	16.6%	1.0%
United States	23.7	23.6	21.9	23.0	27.0	25.4	25.5	26.7	27.6	28.6	27.8	23.0	20.6%	0.5%
Rest of World [4]	4.1	4.1	5.5	3.4	4.6	7.0	8.4	7.2	6.3	5.9	5.7	4.3	34.1%	3.8%
Major Net Importers (Mt) [3]														
China	2.1	4.3	5.1	6.0	6.8	7.2	7.5	7.6	7.1	6.8	6.2	4.4	42.7%	-1.4%
Japan	7.0	7.2	6.9	7.0	6.9	6.8	7.0	7.0	7.0	7.1	7.1	7.0	1.1%	0.5%
European Union	17.6	18.5	18.4	18.2	21.1	20.3	20.0	19.2	19.7	20.4	19.9	18.2	9.7%	-0.9%
South Korea	1.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.4	1.4	1.4	-6.0%	0.0%
Mexico	3.7	4.1	4.3	4.5	4.6	4.5	4.6	4.8	5.0	5.3	5.5	4.1	32.0%	3.0%

Historical data sources: Statistics Canada—Cereals and Oilseeds Review; OECD—Agricultural Outlook 2000–2005.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Vegetable Oil Supply-Disposition (Mt)[1]														
Crush	167.0	185.1	189.3	193.5	200.7	206.5	210.4	216.0	220.0	224.1	231.8	183.7	26.2%	2.4%
Yield (t oil/t seed)	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	1.6%	0.3%
Production of oilseed oils	40.6	44.1	45.7	46.5	48.3	49.8	50.8	52.3	53.5	54.6	56.7	44.2	28.3%	2.7%
Production of palm oil	17.7	17.1	19.3	20.6	21.4	21.8	22.4	22.7	23.1	23.5	23.9	18.7	27.9%	1.9%
Disappearance	59.0	61.4	63.7	67.1	69.3	71.5	73.4	75.0	76.5	78.0	80.3	62.8	27.9%	2.5%
Ending Stocks	6.4	6.2	7.5	7.4	7.8	7.8	7.6	7.6	7.6	7.7	8.1	6.9	17.7%	0.6%
Stocks-to-Use Ratio	0.11	0.10	0.12	0.11	0.11	0.11	0.10	0.10	0.10	0.10	0.10	0.11	-7.9%	-1.8%
Soyoil Price, Decatur (US$/t)	496.3	569.6	438.2	351.2	353.9	372.9	392.3	414.7	452.0	479.5	499.5	463.8	7.7%	5.9%
Major Net Exporters (Mt)[2]														
Argentina	3.5	4.2	4.4	4.4	4.8	5.0	5.3	5.6	5.9	6.1	6.5	4.1	56.5%	5.2%
United States	0.7	1.3	0.9	0.4	1.2	1.9	2.3	2.5	2.5	2.1	1.8	0.8	112.2%	6.6%
Rest of World[4]	0.7	-1.1	-0.7	1.9	1.3	2.0	2.1	1.9	1.8	2.0	2.4	0.2	1255.8%	11.3%
Major Net Importers (Mt)[3]														
China	3.1	2.4	2.8	3.2	3.8	4.8	5.4	5.6	5.7	5.6	6.3	2.8	119.9%	8.5%
Japan	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	11.1%	1.9%
European Union	0.0	0.0	0.2	1.8	1.3	1.7	2.0	2.3	2.5	2.6	2.6	0.5	404.8%	12.5%
South Korea	0.3	0.2	0.2	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	57.7%	2.1%
Mexico	0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.5	30.3%	0.3%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Oilseed Meal Supply-Disposition (Mt)[1]														
Crush	167.0	185.1	189.3	193.5	200.7	206.5	210.4	216.0	220.0	224.1	231.8	183.7	26.2%	2.4%
Yield (t meal/t seed)	0.72	0.72	0.72	0.71	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.4%	0.1%
Production	119.5	134.1	135.7	138.1	143.7	148.2	151.2	155.4	158.4	161.4	167.1	131.8	26.7%	2.5%
Disappearance	119.6	133.1	135.8	138.2	143.6	147.9	151.0	155.2	158.5	161.5	167.2	131.7	27.0%	2.6%
Ending Stocks	4.5	5.5	5.4	5.3	5.5	5.8	6.0	6.2	6.1	6.0	5.9	5.2	13.2%	1.1%
Stocks-to-Use Ratio	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-10.8%	-1.4%
Soymeal Price, Decatur (US$/t)	298.5	204.2	152.7	175.5	172.2	170.8	167.3	169.0	173.9	186.3	202.0	207.7	-2.7%	2.7%
Major Net Exporters (Mt)[2]														
Argentina	10.3	14.3	14.5	14.5	15.2	15.5	15.8	16.2	16.5	16.8	17.3	13.4	29.5%	2.2%
United States	5.4	7.2	5.3	5.3	6.9	7.4	8.2	8.9	8.6	8.3	7.8	5.8	34.4%	2.0%
Rest of World[4]	5.1	-2.0	3.8	5.8	2.2	3.4	1.4	0.8	1.0	1.1	2.5	3.2	-21.8%	1.7%
Major Net Importers (Mt)[3]														
China	3.1	0.8	1.0	1.0	2.4	3.2	2.1	1.8	2.1	2.2	4.2	1.5	186.0%	9.5%
Japan	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.4	1.4	1.2	1.1	1.0	9.4%	-0.5%
European Union	13.4	14.4	17.5	20.3	17.1	16.7	16.9	17.3	17.6	17.6	17.5	16.4	6.4%	0.3%
South Korea	1.3	1.8	1.7	1.9	2.2	2.4	2.3	2.3	2.1	2.3	2.3	1.7	39.0%	0.8%
Mexico	0.2	0.1	0.1	0.1	0.1	0.3	0.4	0.4	0.5	0.4	0.3	0.1	151.3%	17.3%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Pacific Beef Market Supply-Disposition (kt)[1]														
Production	17363.1	17722.3	17961.6	18309.7	18194.8	17842.9	17832.3	18138.4	18586.0	18980.3	19654.1	17839.2	10.2%	1.3%
Disappearance	17125.0	17187.4	17461.0	17887.8	17801.0	17404.7	17357.7	17636.8	18066.9	18474.2	19101.7	17415.3	9.7%	1.2%
Exports—incl. live	3377.9	3773.8	3916.5	4010.3	4148.7	4123.5	4072.2	4170.6	4400.1	4735.1	5218.3	3769.6	38.4%	3.9%
Imports—incl. live	3065.5	3331.9	3424.0	3581.0	3710.4	3670.2	3601.9	3684.4	3896.9	4214.8	4680.5	3350.6	39.7%	3.9%
Ending Stocks	495.4	590.7	589.2	579.2	532.1	514.4	516.0	528.7	542.2	556.1	570.7	563.6	1.3%	1.2%
Prices														
Slaughter Steer Price, Nebraska (US$/cwt lw)	65.1	66.3	61.5	65.6	70.7	71.7	71.8	72.6	71.7	70.7	67.8	64.6	5.0%	-0.7%
Feeder Calf Price, Oklahoma (US$/cwt lw)	61.3	81.3	77.8	82.6	90.6	91.8	90.0	90.0	87.0	83.8	77.3	75.8	2.0%	-2.6%
Commercial cows, Sioux Falls (US$/cwt lw)	35.2	36.9	39.0	41.3	45.4	45.9	45.2	45.4	44.1	42.7	39.4	38.1	3.5%	-2.3%
Wholesale of hide, Central USA (US$/cwt)	21.1	21.0	16.7	16.6	19.6	20.3	20.1	20.3	21.0	21.0	21.1	18.9	11.9%	1.3%
Wholesale boxed beef choice, Central US (US$/cwt)	103.1	103.2	99.9	111.1	119.0	120.6	120.9	122.2	120.8	119.2	114.8	104.3	10.1%	-0.6%
Wholesale canner-cutter cows, Central US (US$/cwt)	58.2	64.3	61.5	66.5	76.0	76.1	74.4	74.1	71.1	67.9	61.7	62.6	-1.5%	-3.4%
US Steer/corn price ratio	0.47	0.65	0.69	0.84	0.89	0.86	0.80	0.77	0.74	0.72	0.68	0.7	1.9%	-4.5%
Buenos Aires wholesale, young bulls (US$/100 kg lw)	81.2	91.0	105.6	99.3	113.9	113.2	118.9	114.8	117.6	115.8	116.8	94.3	23.9%	0.4%
Adult male bovines R3, EU (Euro/100kg dw)	253.0	270.0	272.0	267.0	289.0	235.3	211.4	211.4	215.4	219.4	224.2	265.5	-15.6%	-4.1%

Historical data sources: Statistics Canada; OECD—Agricultural Outlook 2000–2005.

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

Table B.9: International beef market (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Major Exporters (kt incl. live)														
Australia	1165.6	1368.5	1408.7	1459.9	1359.1	1461.8	1551.7	1570.6	1591.8	1500.0	1370.4	1350.7	1.5%	0.1%
New Zealand	518.7	507.6	508.5	430.4	494.9	486.3	527.0	559.2	594.2	633.3	614.9	491.3	25.1%	3.7%
Canada	721.5	755.5	810.3	816.9	795.5	788.3	856.0	940.5	1052.6	1153.3	1225.9	776.0	58.0%	7.5%
European Union	1117.0	1060.0	775.0	916.2	795.7	821.7	821.7	821.7	821.7	821.7	821.7	967.1	-15.0%	0.5%
USA	906.3	1058.4	1078.3	1117.5	1336.7	1159.1	993.8	1007.9	1075.9	1285.3	1645.6	1040.1	58.2%	3.5%
Argentina	502.1	461.4	293.2	339.2	386.7	365.2	401.6	391.9	420.5	494.6	527.5	399.0	32.2%	5.3%
Uruguay	230.6	297.6	291.2	291.9	294.0	301.3	305.7	309.0	307.9	305.2	300.7	277.9	8.2%	0.4%
Major Importers (kt incl. live)														
Japan	898.9	923.7	951.3	926.1	971.1	977.5	977.6	1006.3	1016.6	1049.5	1097.3	925.0	18.6%	2.1%
South Korea	210.6	240.4	110.0	172.1	203.8	207.4	223.4	274.6	323.5	381.8	433.1	183.3	136.3%	13.4%
United States	1437.6	1539.8	1701.5	1751.3	1744.9	1781.2	1709.3	1707.3	1799.1	1965.9	2219.2	1607.5	38.1%	4.1%
Mexico	110.8	203.7	233.9	276.0	282.2	216.9	185.8	186.1	246.1	329.5	452.3	206.1	119.4%	8.2%

Historical data sources: Statistics Canada; OECD—Agricultural Outlook 2000–2005.

Notes: 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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
China production	31580.0	34643.0	36500.0	37341.8	38007.9	39038.4	39997.6	41237.0	42524.3	43647.6	44941.7	35016.2	28.3%	2.8%
North Pacific Market Supply-Disposition (kt)[1]														
Production	13321.6	13239.0	14053.2	14345.9	14193.0	14845.3	15048.5	15251.0	15092.2	15149.2	15547.9	13739.9	13.2%	1.5%
Disappearance	13209.5	13202.7	14044.2	14432.2	14233.0	14900.5	15158.8	15337.7	15195.6	15221.6	15568.3	13722.1	13.5%	1.5%
Exports—incl. live	1444.6	1255.9	1386.5	1559.6	1480.9	1480.2	1596.1	1730.6	1691.1	1710.7	1832.1	1411.6	29.8%	3.6%
Imports—incl. live	1536.7	1412.9	1522.6	1748.4	1663.9	1703.9	1840.3	1974.1	1946.0	1942.3	2023.5	1555.2	30.1%	3.3%
Net Imports from other markets	92.1	157.0	136.2	188.8	182.9	223.7	244.2	243.5	255.0	231.6	191.3	143.5	33.3%	0.8%
Ending Stocks	439.0	417.0	427.3	376.6	361.2	414.9	385.5	382.5	373.9	374.9	391.2	415.0	-5.7%	1.3%
Prices														
Barrow & Gilt Price, Iowa (US$/cwt lw)	53.4	53.6	34.7	34.0	45.6	41.7	39.6	38.1	40.3	40.8	38.7	43.9	-11.9%	-2.7%
Wholesale price of pork, U.S. (US$/cwt)	87.8	81.1	65.4	67.5	76.7	71.8	69.2	67.3	70.3	70.9	68.3	75.4	-9.4%	-1.9%
Hog/Corn price ratio	0.38	0.53	0.39	0.43	0.57	0.50	0.44	0.41	0.41	0.42	0.39	0.4	-11.3%	-6.4%
Pig reference price, EU (Euro/100 kg dw)	162.0	164.0	119.0	121.0	140.4	125.8	122.5	127.7	130.7	136.3	144.4	141.5	2.0%	0.5%
Major Pork Exporters (kt incl. live)														
Canada	551.1	619.8	726.8	841.0	884.7	905.3	979.2	1028.7	1054.5	1045.1	1049.8	684.7	53.3%	2.9%
United States	444.7	478.2	577.0	655.3	623.5	565.6	728.0	868.4	866.3	871.1	1057.7	538.8	96.3%	9.2%
Poland	49.9	43.5	23.2	49.1	70.9	87.1	111.1	128.1	148.1	166.0	140.0	41.4	238.0%	12.0%
China	192.0	162.0	144.0	141.9	152.7	139.5	126.5	117.2	115.2	109.8	102.2	160.0	-36.1%	-6.5%
European Union	846.0	907.0	1049.0	1238.8	990.7	1035.0	1056.5	1076.8	1109.0	1105.8	1087.5	1010.2	7.6%	1.6%
Major Pork Importers (kt incl. live)														
Japan	932.7	730.7	720.8	845.2	856.6	920.4	943.1	969.1	974.8	968.8	1017.6	807.3	26.1%	2.9%
South Korea	53.3	83.3	71.5	128.7	65.6	146.5	194.1	217.7	205.4	176.1	201.0	84.2	138.7%	20.5%
Mexico	37.4	52.9	85.1	98.6	107.1	78.8	131.2	178.7	212.9	252.2	280.1	68.5	308.8%	17.4%

Historical data sources: Statistics Canada; OECD—Agricultural Outlook 2000–2005.

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

Table B.11: International dairy market

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
World Butter Supply-Disposition (kt)[1]														
Production	6585.9	6638.8	6685.7	6733.8	6881.7	6991.7	7039.5	7105.0	7149.7	7209.5	7294.6	6661.0	9.5%	1.0%
Disappearance	6562.6	6638.0	6634.0	6636.8	6808.7	6936.3	6982.2	7054.4	7105.0	7160.4	7244.4	6617.9	9.5%	1.0%
Ending Stocks	298.5	265.3	280.6	350.5	383.6	399.0	416.3	426.9	432.6	441.7	451.9	298.7	51.3%	2.8%
Butter Price, FOB N. Europe (US$/100 kg)	183.7	186.1	190.8	148.4	150.2	156.8	160.6	166.8	179.2	187.1	194.9	177.2	10.0%	4.4%
World Skim Milk Powder Supply-Disposition (kt)														
Production	3271.8	3308.1	3303.6	3276.4	3280.5	3308.6	3206.2	3156.7	3138.0	3103.2	3039.5	3290.0	-7.6%	-1.3%
Disappearance	3185.0	3243.4	3201.9	3293.8	3257.3	3273.9	3193.5	3158.5	3165.2	3132.3	3114.3	3231.0	-3.6%	-0.7%
Ending Stocks	354.4	411.7	489.0	457.6	480.9	514.6	527.2	525.3	498.0	468.9	394.2	428.2	-7.9%	-3.3%
Skim Milk Powder Price, FOB N. Europe (US$/100 kg)	197.9	173.8	144.0	131.1	145.4	150.2	155.4	164.6	174.9	182.2	188.0	161.7	16.2%	4.4%
World Cheese Supply-Disposition (kt)														
Production	13678.7	13931.3	14023.0	14399.9	14754.6	15013.0	15358.9	15588.1	15847.2	16150.4	16448.7	14008.2	17.4%	1.8%
Disappearance	13614.1	13898.0	13984.0	14493.6	14758.5	15008.5	15355.3	15587.3	15848.0	16151.9	16450.1	13997.4	17.5%	1.8%
Ending Stocks	670.3	697.1	710.2	616.4	612.5	617.0	620.6	621.4	620.6	619.1	617.7	673.5	-8.3%	0.1%
Cheddar Cheese Price, FOB N. Europe (US$/100 kg)	224.6	210.8	185.9	175.4	178.9	187.3	195.0	207.6	218.9	214.1	223.6	199.2	12.3%	3.8%
World Whole Milk Powder Supply-Disposition (kt)														
Production	2364.1	2457.0	2529.8	2494.5	2639.1	2659.0	2690.9	2772.3	2859.6	2915.3	2969.6	2461.4	20.6%	2.0%
Disappearance	2323.0	2460.7	2523.3	2502.0	2635.1	2659.0	2690.9	2772.3	2859.6	2915.3	2969.6	2452.3	21.1%	2.0%
Ending Stocks	124.7	121.6	127.5	120.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	123.5	0.4%	0.0%
Whole Milk Powder, 26% butterfat, FOB N. Europe (US$/100 kg)	193.5	189.6	165.6	151.6	152.9	156.5	162.9	177.6	178.1	188.7	192.4	175.1	9.9%	3.9%

Historical data source: OECD—Agricultural Outlook 2000–2005.

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

Table B.12: Canadian macroeconomy

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Population (mil)	29.8	30.1	30.3	30.6	30.8	31.1	31.3	31.6	31.8	32.1	32.3	30.2	7.1%	0.8%
Gross Domestic Product (mil 1992$)	782130	813031	838265	873374	907262	932642	960033	986235	1012298	1037605	1062508	826700.0	28.5%	2.7%
	1.7%	4.0%	3.1%	4.2%	3.9%	2.8%	2.9%	2.7%	2.6%	2.5%	2.4%			
GDP Deflator (1992=100)	106.7	107.5	106.9	108.7	110.9	112.4	114.2	116.0	118.2	120.6	123.1	107.4	14.6%	1.8%
	1.5%	0.8%	-0.6%	1.7%	2.0%	1.3%	1.6%	1.6%	1.9%	2.0%	2.1%			
Per Capita Disposable Income ($)	17421.1	17779.2	18231.5	18714.5	19647.8	20491.8	21288.5	22121.6	22993.6	23840.0	24670.9	18036.6	36.8%	3.9%
	0.4%	2.1%	2.5%	2.6%	5.0%	4.3%	3.9%	3.9%	3.9%	3.7%	3.5%			
Average Weekly Wages ($)	574.1	590.7	602.4	607.3	624.1	643.1	662.6	683.2	704.9	726.8	750.0	593.6	26.3%	3.1%
	3.0%	2.9%	2.0%	0.8%	2.8%	3.1%	3.0%	3.1%	3.2%	3.1%	3.2%			
Consumer Price Indices (% change)														
All Items	105.9	107.6	108.6	110.5	112.9	115.1	117.4	120.0	122.7	125.6	128.8	108.1	19.1%	2.2%
	1.6%	1.6%	1.0%	1.7%	2.2%	1.9%	2.0%	2.2%	2.3%	2.3%	2.5%			
Non-food, Non-energy	105.8	107.5	108.9	110.5	112.5	115.4	118.3	121.2	124.2	127.4	131.0	108.2	21.1%	2.6%
	1.5%	1.5%	1.3%	1.4%	1.8%	2.6%	2.5%	2.5%	2.5%	2.6%	2.8%			
Energy	106.2	108.7	104.3	110.2	121.8	118.2	115.4	115.9	118.6	120.3	123.3	107.4	14.8%	0.2%
	2.9%	2.4%	-4.1%	5.7%	10.5%	-2.9%	-2.4%	0.4%	2.3%	1.4%	2.5%			
Food	105.9	107.6	109.3	110.7	111.5	112.6	114.5	116.5	118.3	120.1	121.6	108.4	12.2%	1.5%
	1.3%	1.5%	1.6%	1.3%	0.7%	1.0%	1.7%	1.8%	1.5%	1.5%	1.3%			
Industrial Product Price Indices (% change)														
Petroleum & Coal	115.96	116.18	95.78	111.49	140.09	131.81	127.21	127.98	130.54	133.16	135.82	109.9	23.6%	-0.5%
	11.2%	0.2%	-17.6%	16.4%	25.7%	-5.9%	-3.5%	0.6%	2.0%	2.0%	2.0%			
Wood	141.92	143.22	135.54	147.52	143.58	144.59	146.47	148.67	151.05	153.46	155.92	142.1	9.8%	1.4%
	5.4%	0.9%	-5.4%	8.8%	-2.7%	0.7%	1.3%	1.5%	1.6%	1.6%	1.6%			
Autos & Parts	123.03	127.34	138.97	141.22	132.23	133.82	135.69	137.86	140.76	143.71	146.73	132.6	10.6%	1.7%
	3.4%	3.5%	9.1%	1.6%	-6.4%	1.2%	1.4%	1.6%	2.1%	2.1%	2.1%			
Machinery	116.63	121.68	127.68	133.74	123.90	126.63	129.16	131.88	134.77	137.74	140.76	124.9	12.7%	2.1%
	4.0%	4.3%	4.9%	4.7%	-7.4%	2.2%	2.0%	2.1%	2.2%	2.2%	2.2%			

Historical Data Sources: Statistics Canada—CANSIM; Conference Board of Canada—Spring 2000 Medium Term Forecast.

Forecast Data Source: Conference Board of Canada—Extrapolation of Spring 2000 Medium Term Forecast.

Table B.12: Canadian macroeconomy (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Interest Rates (%)														
Prime Lending Rate	6.1	5.0	6.6	6.4	6.9	7.0	7.0	6.8	6.5	6.5	6.5	6.0	8.1%	-1.0%
Exchange Rate														
$Cdn./$U.S.	1.36	1.38	1.48	1.49	1.45	1.42	1.40	1.39	1.37	1.36	1.35	1.4	-5.5%	-1.2%
$U.S./$Cdn.	0.73	0.72	0.67	0.67	0.69	0.71	0.72	0.72	0.73	0.74	0.74	0.7	5.7%	1.2%
Average Grain Freight Rate,														
Mid prairies to port ($/t)	32.82	33.48	33.10	33.17	27.53	28.22	28.78	29.42	30.09	30.79	31.58	33.1	-4.7%	2.3%

Historical Data Sources: Statistics Canada—CANSIM; Conference Board of Canada—Spring 2000 Medium Term Forecast.

Forecast Data Source: Conference Board of Canada—Extrapolation of Spring 2000 Medium Term Forecast.

Table B.13: Canadian grain and oilseed summary

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Crop Area Harvested (Mha)	39.10	39.28	39.19	39.28	38.79	38.93	39.03	39.13	39.23	39.33	39.43	39.2	0.5%	0.3%
Wheat	12.26	11.41	10.68	10.36	10.87	11.47	11.78	11.86	11.54	11.18	10.92	11.2	-2.3%	0.1%
Coarse Grains[1]	8.04	7.62	7.38	6.93	7.52	7.42	7.64	7.71	8.00	7.90	7.83	7.5	4.5%	0.7%
Oilseeds[2]	4.89	6.67	7.27	7.36	6.54	6.11	5.81	5.87	6.05	6.63	7.03	6.5	7.4%	1.2%
Special Crops[3] (Western Canada)	1.33	1.63	2.01	1.83	2.42	2.40	2.49	2.58	2.68	2.78	2.87	1.7	69.0%	2.9%
Hay (Seeded Area)	6.40	6.30	6.44	6.74	6.75	6.88	6.77	6.64	6.58	6.55	6.52	6.5	0.8%	-0.6%
Summerfallow	6.19	5.65	5.40	6.06	4.69	4.67	4.55	4.46	4.38	4.29	4.24	5.8	-27.1%	-1.6%
Production, Domestic Use & Export Summary (Mt)														
Wheat Production	29.80	24.28	24.08	26.85	25.81	27.37	28.55	29.13	28.69	28.12	27.80	26.3	5.9%	1.2%
Wheat Domestic Use	8.23	7.37	8.08	8.21	8.22	8.13	8.36	8.44	8.54	8.57	8.67	8.0	8.7%	0.9%
Wheat Exports	19.37	20.00	14.72	18.50	17.80	19.18	20.02	20.53	20.22	19.62	19.16	18.1	5.6%	1.2%
Coarse Grain[1] Production	28.36	25.11	26.56	26.77	26.87	27.48	28.43	28.98	30.31	30.33	30.46	26.7	14.1%	2.1%
Coarse Grain[1] Domestic Use	21.13	22.69	22.77	23.26	23.54	23.76	24.68	25.63	26.32	26.78	27.17	22.5	21.0%	2.4%
Coarse Grain[1] Exports	6.21	4.41	4.08	4.83	4.77	4.71	4.21	4.22	4.49	4.36	4.35	4.9	-11.0%	-1.6%
Oilseed[2] Production	8.08	10.03	11.46	12.61	10.63	10.11	9.69	9.90	10.26	11.26	12.01	10.5	13.9%	2.1%
Oilseed[2] Domestic Use	5.38	5.96	5.93	6.09	6.20	6.30	6.36	6.47	6.56	6.68	6.82	5.8	16.8%	1.6%
Oilseed[2] Exports	3.68	4.52	5.51	5.15	5.30	5.40	4.38	4.08	4.43	5.20	5.76	4.7	22.1%	1.4%

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
All Wheat Supply-Disposition (Mt)														
Area Harvested (Mha)	12.26	11.41	10.68	10.36	10.87	11.47	11.78	11.86	11.54	11.18	10.92	11.2	-2.3%	0.1%
Yield (t/ha)	2.43	2.13	2.25	2.59	2.37	2.39	2.42	2.46	2.49	2.51	2.54	2.4	8.2%	1.2%
Production	29.80	24.28	24.08	26.85	25.81	27.37	28.55	29.13	28.69	28.12	27.80	26.3	5.9%	1.2%
Food & Industrial Use	2.70	2.79	2.79	2.84	2.89	2.91	2.95	2.99	3.03	3.06	3.09	2.8	11.3%	1.1%
Feed Use	4.41	3.53	4.27	4.31	4.27	4.15	4.29	4.31	4.36	4.38	4.48	4.1	8.5%	0.8%
Other Domestic Use	1.12	1.05	1.02	1.07	1.07	1.07	1.11	1.15	1.15	1.13	1.10	1.1	3.1%	0.5%
Exports	19.37	20.00	14.72	18.50	17.80	19.18	20.02	20.53	20.22	19.62	19.16	18.1	5.6%	1.2%
Ending Stocks	9.05	6.01	7.36	7.70	7.50	7.57	7.75	7.92	7.87	7.81	7.78	7.5	3.3%	0.6%
CWB Final Price, #1 CWRS ($/t)[1]	208	191	184	166	184	193	199	197	198	201	205	187.3	9.3%	1.8%
Farm Gate Price, Prairies ($/t)	165	147	141	123	146	155	159	156	157	159	161	144.2	11.7%	1.6%
Milling Price ($/t)	250	217	204	193	212	223	227	221	222	227	233	216.1	7.6%	1.6%
Durum Wheat Supply-Disposition (Mt)														
Area Harvested (Mha)	2.06	2.21	2.91	1.76	2.59	2.15	2.21	2.19	2.20	2.22	2.23	2.2	-0.4%	-2.4%
Yield (t/ha)	2.24	1.97	2.07	2.42	2.11	2.14	2.18	2.21	2.25	2.29	2.32	2.2	6.8%	1.6%
Production	4.63	4.35	6.04	4.26	5.46	4.61	4.82	4.84	4.95	5.07	5.18	4.8	7.4%	-0.9%
Food & Industrial Use	0.19	0.19	0.18	0.19	0.19	0.19	0.19	0.19	0.20	0.20	0.20	0.2	9.3%	1.1%
Other Domestic Use	0.82	0.68	0.82	0.83	0.87	0.72	0.76	0.75	0.76	0.77	0.79	0.8	-0.1%	-1.7%
Exports	4.09	4.23	3.85	3.60	4.00	4.18	3.87	3.87	3.96	4.06	4.16	3.9	5.4%	0.6%
Ending Stocks	1.50	0.76	1.95	1.60	2.00	1.53	1.53	1.56	1.59	1.63	1.67	1.5	14.7%	-3.0%
CWB Final Price, #1 CWAD ($/t)1	250	278	201	198	195	211	216	214	215	218	222	231.8	-4.4%	2.2%
Farm Gate Price, Prairies ($/t)	208	235	158	155	157	172	177	174	174	176	178	189.0	-5.8%	2.1%

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.

Notes: 1. Prior to 1995 CWB final prices are basis Thunder Bay, thereafter basis St. Lawrence.

Table B.15: Canadian coarse grains

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Barley Supply-Disposition (Mt)														
Area Harvested (Mha)	4.89	4.70	4.27	4.07	4.68	4.59	4.64	4.66	4.84	4.82	4.84	4.5	8.1%	0.6%
Yield (t/ha)	3.18	2.88	2.97	3.24	3.09	3.10	3.13	3.17	3.21	3.24	3.28	3.1	6.8%	1.0%
Production	15.56	13.53	12.71	13.20	14.48	14.23	14.52	14.77	15.52	15.64	15.89	13.7	15.5%	1.6%
Feed Use	9.57	10.54	10.10	10.20	10.48	10.82	11.30	11.81	12.18	12.42	12.62	10.1	24.9%	3.2%
Other Domestic Use	0.83	0.68	0.76	0.87	0.87	0.86	0.88	0.88	0.89	0.90	0.91	0.8	16.2%	0.9%
Exports	4.01	2.78	1.68	2.55	3.00	2.63	2.30	2.16	2.35	2.35	2.46	2.8	-10.6%	-3.2%
Ending Stocks	2.92	2.46	2.69	2.35	2.50	2.45	2.51	2.44	2.56	2.55	2.46	2.6	-5.7%	-0.3%
Farm Gate Price, Prairies ($/t)	112	110	96	83	83	89	91	98	100	102	108	100.3	8.0%	4.5%
Off-Board Barley Price, Lethbridge ($/t)	137	133	116	110	110	114	116	123	125	127	133	123.8	7.7%	3.3%
CWB Final Price, Select CW 2Row ($/t)[1]	229	196	172	189	175	181	185	193	195	198	206	196.6	4.7%	2.8%
Corn Supply-Disposition (Mt)														
Area Harvested (Mha)	1.09	1.05	1.12	1.14	1.17	1.20	1.21	1.22	1.25	1.24	1.23	1.1	11.9%	0.8%
Yield (t/ha)	6.92	6.87	8.01	7.97	6.90	7.54	7.64	7.73	7.82	7.92	8.01	7.4	7.6%	2.5%
Production	7.54	7.18	8.95	9.10	8.09	9.08	9.25	9.41	9.74	9.79	9.84	8.2	20.2%	3.3%
Imports	0.80	1.47	0.80	1.00	1.20	0.65	0.62	0.80	0.75	0.85	0.92	1.0	-9.4%	-4.3%
Feed Use	6.19	6.86	7.09	7.25	7.16	7.15	7.45	7.78	8.01	8.16	8.30	6.8	21.2%	2.5%
Other Domestic Use	1.61	1.78	1.86	2.06	2.16	2.06	2.10	2.14	2.15	2.17	2.20	1.8	20.3%	0.3%
Exports	0.32	0.12	0.83	0.70	0.20	0.50	0.30	0.30	0.30	0.30	0.30	0.5	-38.9%	7.0%
Ending Stocks	0.97	0.89	0.86	1.00	0.80	0.86	0.90	0.92	0.98	1.02	1.03	0.9	10.2%	4.2%
Elevator Price, Chatham ($/t)	149	137	110	110	105	118	122	129	129	129	136	126.5	7.5%	4.4%
Oats Supply-Disposition (Mt)														
Area Harvested (Mha)	1.68	1.50	1.59	1.40	1.40	1.27	1.44	1.48	1.55	1.48	1.40	1.5	-9.0%	0.0%
Yield (t/ha)	2.59	2.33	2.49	2.60	2.58	2.59	2.62	2.64	2.67	2.69	2.72	2.5	8.8%	0.9%
Production	4.36	3.48	3.96	3.64	3.61	3.28	3.76	3.91	4.14	3.99	3.82	3.9	-1.1%	1.0%
Feed Use	1.82	1.68	1.84	1.80	1.82	1.79	1.86	1.92	1.97	2.00	2.03	1.8	13.6%	1.8%
Exports	1.74	1.38	1.49	1.50	1.50	1.44	1.47	1.61	1.70	1.57	1.44	1.5	-5.9%	-0.7%
Farm Gate Price, Prairies ($/t)	126	118	107	79	77	89	93	102	102	101	105	107.6	-2.3%	5.3%
Rye Supply-Disposition (Mt)														
Area Harvested (Mha)	0.16	0.16	0.20	0.17	0.10	0.17	0.17	0.17	0.17	0.17	0.17	0.2	-5.2%	8.0%
Yield (t/ha)	1.91	1.98	1.96	2.29	2.16	2.16	2.18	2.20	2.21	2.23	2.25	2.0	10.5%	0.6%
Production	0.31	0.32	0.40	0.39	0.23	0.36	0.36	0.36	0.37	0.37	0.37	0.4	4.9%	8.7%
Exports	0.15	0.14	0.08	0.08	0.08	0.13	0.14	0.14	0.14	0.14	0.15	0.1	29.4%	11.8%

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.

Notes: 1. Prior to 1995 CWB final prices are basis Thunder Bay, thereafter basis St. Lawrence.

Table B.16: Canadian oilseeds

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Canola Supply-Disposition (Mt)														
Area Harvested (Mha)	3.45	4.87	5.43	5.56	4.89	4.45	4.23	4.26	4.45	4.91	5.22	4.8	8.0%	1.1%
Yield (t/ha)	1.47	1.31	1.41	1.58	1.45	1.46	1.46	1.48	1.49	1.50	1.52	1.4	5.1%	0.7%
Production	5.06	6.39	7.64	8.80	7.10	6.48	6.18	6.31	6.64	7.39	7.91	7.0	13.4%	1.8%
Crushings	2.71	3.24	3.06	2.90	3.10	3.14	3.26	3.38	3.46	3.51	3.58	3.0	20.3%	2.4%
Meal Production	1.65	2.00	1.94	1.80	1.92	1.95	2.03	2.10	2.15	2.18	2.23	1.8	20.5%	2.5%
Oil Production	1.14	1.36	1.28	1.22	1.35	1.32	1.37	1.42	1.45	1.47	1.50	1.3	20.3%	1.8%
Seed Exports	2.52	2.96	3.90	3.80	3.80	3.81	2.91	2.61	2.91	3.44	3.79	3.3	14.9%	-0.1%
Ending Stocks	0.56	0.36	0.61	2.20	2.10	1.23	0.87	0.81	0.67	0.65	0.68	0.9	-27.2%	-17.1%
Canola Oil Domestic Use	0.53	0.73	0.72	0.52	0.52	0.61	0.64	0.66	0.69	0.72	0.74	0.6	19.3%	6.2%
Canola Oil Exports	0.64	0.73	0.58	0.71	0.84	0.71	0.74	0.77	0.77	0.76	0.77	0.7	15.7%	-1.5%
Canola Meal Feed Use	0.55	0.61	0.69	0.68	0.70	0.80	0.86	0.90	0.93	0.95	0.96	0.6	51.6%	5.4%
Canola Meal Exports	1.09	1.42	1.26	1.13	1.23	1.17	1.17	1.21	1.22	1.24	1.27	1.2	4.1%	0.6%
Canola Cash Price, #1 Vancouver ($/t)	440	420	376	290	275	265	275	287	317	341	353	381.5	-7.6%	4.2%
Farm Gate Price, Prairies ($/t)	388	380	346	240	238	227	236	248	277	300	310	338.3	-8.3%	4.5%
Canola Meal Price, FOB Plants ($/t)	244	179	141	158	152	148	144	144	146	155	166	180.6	-7.9%	1.5%
Canola Oil Price, FOB Plants ($/t)	726	819	744	570	507	524	546	571	617	649	671	714.8	-6.1%	4.8%
Effective Crush Margin ($/t)	65.09	75.70	55.44	97.36	76.73	84.69	81.97	81.46	73.05	69.31	75.10	73.4	2.3%	-0.4%
Soybean Supply-Disposition (Mt)														
Area Harvested (Mha)	0.86	1.06	0.98	1.00	1.08	0.98	0.95	0.95	0.95	0.99	1.03	1.0	5.5%	-0.8%
Yield (t/ha)	2.52	2.58	2.79	2.77	2.55	2.74	2.76	2.78	2.80	2.83	2.85	2.7	7.0%	1.9%
Production	2.17	2.74	2.74	2.77	2.75	2.68	2.62	2.65	2.67	2.80	2.93	2.6	12.7%	1.1%
Imports	0.23	0.15	0.25	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.3	66.3%	0.0%
Exports	0.48	0.77	0.89	0.90	0.90	0.87	0.75	0.80	0.83	0.95	1.06	0.8	39.8%	2.8%
Soy Meal Imports	0.63	0.65	0.77	0.85	0.85	0.75	0.75	0.75	0.75	0.75	0.75	0.7	3.3%	-2.1%
Soy Meal Feed Use	1.67	1.90	1.95	2.20	2.20	2.28	2.37	2.40	2.43	2.40	2.37	1.9	23.0%	1.2%
Soybean Cash Price, #2 Chatham ($/t)	383	334	265	265	240	234	236	242	263	284	299	311.8	-4.2%	3.7%
Flaxseed Supply-Disposition (Mt)														
Area Harvested (Mha)	0.57	0.74	0.86	0.79	0.58	0.68	0.62	0.65	0.65	0.73	0.78	0.7	6.0%	5.3%
Yield (t/ha)	1.48	1.22	1.26	1.32	1.35	1.40	1.42	1.43	1.45	1.47	1.49	1.3	13.3%	1.7%
Production	0.85	0.90	1.08	1.05	0.78	0.94	0.88	0.94	0.95	1.07	1.17	1.0	21.1%	7.2%
Exports	0.68	0.78	0.72	0.45	0.60	0.71	0.73	0.68	0.69	0.81	0.91	0.7	37.8%	7.1%
Cash Price, #1 CW Thunder Bay ($/t)	368	389	317	240	225	232	240	251	277	298	308	328.5	-6.1%	5.4%
Farm Gate Price, Prairies ($/t)	328	349	297	201	198	195	203	213	238	258	267	293.8	-9.1%	5.1%

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Harvested Area (thous ha)	1326	1633	2013	1830	2419	2397	2488	2582	2684	2782	2874	1700.6	69.0%	2.9%
Canary Seed	235	113	208	146	173	197	201	204	208	210	211	175.6	20.1%	3.3%
Dry Peas	520	848	1078	835	1237	1074	1142	1202	1269	1333	1407	820.3	71.5%	2.2%
Lentils	304	329	378	497	730	757	757	768	781	792	802	377.0	112.8%	1.6%
Mustard Seed	233	292	279	273	208	272	288	304	320	335	339	269.4	26.0%	8.5%
Sunflower Seed	35	51	69	79	70	96	100	103	107	111	115	58.4	96.9%	8.6%
Canary Seed														
Production (kt)	285	115	235	166	195	230	236	241	246	250	253	200.2	26.4%	4.5%
Farm Price, Western Canada ($/t)	300	322	248	240	240	240	240	240	240	240	240	277.5	-13.5%	0.0%
Dry Peas														
Production (kt)	1169	1758	2328	2252	2780	2450	2638	2812	3003	3196	3413	1876.7	81.9%	3.5%
Farm Price, Western Canada ($/t)	209	177	132	135	135	135	133	133	134	137	141	163.3	-13.5%	0.7%
Lentils														
Production (kt)	403	379	480	724	980	1011	1028	1060	1096	1130	1164	496.2	134.5%	2.9%
Farm Price, Western Canada ($/t)	470	324	381	380	345	345	345	345	345	345	345	388.8	-11.3%	0.0%
Mustard Seed														
Production (kt)	231	243	239	306	200	265	280	294	310	323	326	254.7	28.2%	8.5%
Farm Price, Western Canada ($/t)	363	398	348	285	285	285	285	285	285	285	285	348.5	-18.2%	0.0%
Sunflower Seed														
Production (kt)	55	65	112	122	105	147	154	162	170	178	185	88.5	109.4%	9.9%
Farm Price, Western Canada ($/t)	345	344	388	305	305	305	305	305	305	305	305	345.5	-11.7%	0.0%

Historical Data Sources: Statistics Canada—CANSIM.

Table B.18: Canadian animal feed

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Grain Consuming Animal Units (Mil Hog Equivalent)	49584	50489	52861	54422	56199	57180	60080	62449	64387	65544	66718	51838.8	28.7%	2.9%
Total Grain Feed Consumption (Mt)	22.64	23.31	23.99	24.20	24.33	24.58	25.58	26.50	27.20	27.64	28.11	23.5	19.4%	2.4%
Wheat	4.41	3.53	4.27	4.31	4.27	4.15	4.29	4.31	4.36	4.38	4.48	4.1	8.5%	0.8%
Barley	9.57	10.54	10.10	10.20	10.48	10.82	11.30	11.81	12.18	12.42	12.62	10.1	24.9%	3.2%
Oats	1.82	1.68	1.84	1.80	1.82	1.79	1.86	1.92	1.97	2.00	2.03	1.8	13.6%	1.8%
Corn	6.19	6.86	7.09	7.25	7.16	7.15	7.45	7.78	8.01	8.16	8.30	6.8	21.2%	2.5%
Total Protein Feed Consumption (Mt)	2.44	2.86	3.29	3.68	3.78	3.96	4.17	4.28	4.38	4.43	4.47	3.1	45.6%	2.8%
Soybean Meal	1.67	1.90	1.95	2.20	2.20	2.28	2.37	2.40	2.43	2.40	2.37	1.9	23.0%	1.2%
Canola Meal	0.55	0.61	0.69	0.68	0.70	0.80	0.86	0.90	0.93	0.95	0.96	0.6	51.6%	5.4%
Dry Peas	0.23	0.35	0.65	0.80	0.88	0.88	0.93	0.98	1.02	1.08	1.14	0.5	124.4%	4.4%

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 cattle and beef

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Ending Cattle Inventories (thous head)	13409	13209	12870	12655	12803	13314	13885	14483	14930	15196	15265	13035.5	17.1%	3.0%
Dairy Cows	1235	1202	1180	1142	1139	1127	1122	1115	1111	1105	1110	1189.6	-6.7%	-0.4%
Dairy Heifers	531	514	491	468	475	474	469	467	464	462	460	501.2	-8.2%	-0.5%
Beef Cows & Bulls	4582	4500	4416	4381	4465	4661	4930	5219	5441	5571	5566	4469.7	24.5%	3.7%
Beef Heifers	1388	1457	1270	1232	1276	1388	1523	1619	1703	1737	1778	1336.6	33.0%	5.7%
Steers	981	1083	1101	1122	1163	1224	1285	1326	1376	1421	1444	1071.4	34.8%	3.7%
Calves	4692	4453	4412	4311	4285	4440	4555	4737	4835	4899	4907	4467.1	9.9%	2.3%
Cattle Supply-Disposition (thous head)														
Marketings	4416	4361	4509	4433	4279	4227	4396	4569	4820	5063	5275	4429.9	19.1%	3.5%
Slaughter	3143	3257	3398	3615	3584	3552	3794	3807	3814	3826	3932	3353.3	17.3%	1.6%
Net Exports														
Slaughter Cattle	1273	1104	1111	818	695	675	602	762	1006	1238	1343	1076.6	24.8%	11.6%
Feeder Cattle	162	189	110	-42	-93	-176	-163	-107	-20	32	60	104.9	-42.4%	—
Western Canada Cattle Supply-Disposition (thous head)														
Marketings	3241	3186	3342	3310	3224	3209	3356	3498	3731	3955	4138	3269.8	26.6%	4.3%
Slaughter	2093	2188	2376	2637	2611	2590	2773	2762	2792	2818	2819	2323.7	21.3%	1.3%
Net Exports[1]														
Slaughter Cattle	1148	998	966	673	613	619	583	735	939	1136	1320	946.1	39.5%	13.6%
Feeder Cattle	273	240	167	19	88	-76	-68	-28	41	86	107	174.7	-39.0%	3.3%

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.

Notes: 1. West and east net exports include inter-regional trade.

Table B.19: Canadian cattle and beef (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Eastern Canada Cattle Supply-Disposition (thous head)														
Marketings	1175	1176	1167	1123	1056	1018	1040	1072	1090	1108	1137	1160.1	-2.0%	1.2%
Slaughter	1050	1069	1021	978	974	963	1021	1045	1022	1007	1113	1029.6	8.1%	2.3%
Net Exports[1]														
Slaughter Cattle	125	106	146	145	82	55	19	27	68	101	23	130.5	-82.1%	-18.9%
Feeder Cattle	-111	-51	-57	-60	-181	-101	-95	-79	-61	-54	-46	-69.9	-34.0%	-20.3%
Steer Price, A1-A2, Edmonton ($/cwt)	79	84	84	89	97	98	98	97	94	91	87	83.9	3.1%	-1.9%
Feeder Calf Price 5-600 lb, Edmonton ($/cwt)	80	110	120	130	142	140	139	137	127	120	107	110.0	-2.6%	-4.6%
Beef Supply-Disposition (kt)														
Production	976	1034	1104	1232	1251	1256	1363	1384	1400	1418	1471	1086.4	35.4%	2.7%
Imports	234	249	232	258	268	264	262	267	270	272	271	243.3	11.4%	0.2%
Disappearance	929	925	922	993	962	952	964	976	992	1010	1034	942.2	9.8%	1.2%
Exports	283	357	412	503	553	569	661	674	677	679	707	388.7	81.9%	4.2%
Ending Stocks	22	23	25	19	23	22	21	21	22	22	23	22.3	3.4%	0.0%
Wholesale Beef Price ($/cwt)	148.91	154.27	161.98	170.42	180.67	178.21	176.51	176.61	172.55	168.99	160.19	158.9	0.8%	-2.0%
Retail Beef Price ($/kg)	6.18	6.25	6.24	6.37	6.48	6.51	6.56	6.64	6.58	6.54	6.34	6.3	1.3%	-0.4%

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.

Notes: 1. West and east net exports include inter-regional trade.

Table B.20: Canadian hogs and pork

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Hog Inventories (December 31) (thous head)														
Total	11548	11672	12357	12396	12568	13101	13512	13766	13797	13715	13731	11993.4	14.5%	1.5%
Hog Supply-Disposition (thous head)														
Marketings	17189	17573	19647	20984	21743	22396	23665	24461	24495	24177	24188	18848.2	28.3%	1.8%
Slaughter	15178	15385	16991	18931	19967	20938	22383	23301	23269	22831	22830	16621.2	37.4%	2.3%
Exports (Slaughter Hogs)	2011	2189	2656	2052	1776	1458	1282	1160	1226	1346	1358	2227.0	-39.0%	-4.4%
Exports (Weanling Hogs)	767	987	1461	2082	2090	2139	2133	2128	2191	2253	2290	1324.4	72.9%	1.5%
Western Canada Hog Supply-Disposition (thous head)														
Marketings	6851	6794	7762	8400	8959	9147	10331	10931	11102	11020	11229	7451.9	50.7%	3.8%
Slaughter	5611	5589	6118	6825	7626	8082	9471	10270	10428	10254	10494	6035.7	73.9%	5.5%
Exports (Slaughter Hogs)	1296	1208	1644	1564	1333	1066	860	661	674	766	735	1427.9	-48.5%	-9.4%
Exports (Weanling Hogs)	507	620	873	1451	1525	1691	1669	1648	1663	1678	1689	862.7	95.8%	1.7%
Eastern Canada Hog Supply-Disposition (thous head)														
Marketings	10338	10779	11885	12584	12784	13249	13334	13529	13394	13157	12960	11396.3	13.7%	0.2%
Slaughter	9567	9795	10873	12106	12341	12856	12912	13030	12842	12577	12337	10585.5	16.5%	0.0%
Exports (Slaughter Hogs)	715	981	1012	488	443	393	422	499	552	580	623	799.0	-22.0%	5.8%
Exports (Weanling Hogs)	260	367	589	631	565	449	464	480	528	575	601	461.6	30.2%	1.0%
Hog Price, Index 100 Ontario ($/ckg)	189	187	122	120	173	160	151	144	150	150	142	154.6	-8.1%	-3.2%
Pork Supply-Disposition (kt)														
Production	1228	1257	1399	1553	1644	1732	1861	1947	1956	1930	1942	1359.0	42.9%	2.8%
Imports	45	61	62	59	52	54	56	58	60	62	64	56.9	12.5%	3.5%
Disappearance	776	760	824	830	836	864	888	907	907	910	917	797.4	15.0%	1.6%
Waste & Manufacturing	126	129	144	160	169	178	192	201	201	199	200	140.0	42.9%	2.8%
Exports	373	421	479	631	697	742	830	889	908	886	888	476.1	86.6%	4.1%
Ending Stocks	13	20	34	30	24	27	34	42	42	39	39	24.2	60.1%	8.1%
Wholesale Pork Price ($/kg)	3.57	3.65	2.86	2.97	3.02	2.71	2.50	2.38	2.43	2.44	2.36	3.3	-27.8%	-4.1%
Retail Pork Price ($/kg)	6.59	6.94	6.43	6.18	6.33	6.13	6.00	5.95	6.10	6.20	6.18	6.5	-5.4%	-0.4%

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.21: Canadian poultry and eggs

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Chicken Supply-Disposition (kt)														
Production	714	749	793	864	900	925	950	976	1008	1041	1067	779.7	36.9%	2.9%
Imports	57	67	69	65	65	67	69	71	73	76	78	64.5	21.1%	3.2%
Disappearance	733	771	797	893	896	920	943	966	997	1028	1052	798.4	31.8%	2.7%
Exports	33	45	58	65	68	72	76	80	84	88	92	50.3	82.8%	5.2%
Ending Stocks	19	20	26	22	23	23	24	25	26	27	28	21.7	27.7%	3.4%
Live Chicken Price, Ontario Broiler (c/kg)	125	126	122	114	116	118	123	126	129	131	135	121.5	11.1%	2.6%
Wholesale Chicken Price, Ontario (c/kg)	263	257	256	236	241	246	254	260	266	271	279	253.0	10.2%	2.4%
Retail Chicken Price, Ontario (c/kg)	384	382	377	380	362	370	382	391	401	409	421	380.5	10.6%	2.5%
Turkey Supply-Disposition (kt)														
Production	147	144	139	139	146	147	148	145	147	149	153	142.1	7.6%	0.8%
Disappearance	124	134	132	128	132	133	134	135	137	138	139	129.6	7.2%	0.9%
Exports	21	20	18	17	17	17	17	17	18	18	18	19.1	-8.5%	0.5%
Ending Stocks	20	16	11	10	12	14	16	14	12	10	12	13.9	-13.9%	0.0%
Live Turkey Price, Ontario Broiler (c/kg)	159	158	153	140	143	146	151	155	159	162	167	152.7	9.4%	2.6%
Wholesale Turkey Price, Ontario (c/kg)	255	269	272	301	272	273	277	279	282	283	287	274.2	4.6%	0.9%
Retail Turkey Price, Ontario (c/kg)	399	380	395	371	390	395	404	412	420	427	438	386.5	13.3%	2.0%
Shell Egg Supply-Disposition ('000 boxes of 15 dozen)														
Production	28237	29143	29248	29306	29941	30464	30833	31221	31628	32028	32434	28983.5	11.9%	1.3%
Imports	596	946	1266	1263	1055	1057	1051	1051	1052	1057	1053	1017.5	3.5%	0.0%
Disappearance	23364	24371	24174	22898	23342	23710	23784	23844	23886	23921	23955	23701.9	1.1%	0.4%
Eggs to Breakers	5463	5717	6339	7671	7654	7811	8100	8428	8793	9164	9532	6297.6	51.4%	3.7%
Egg Producer Price, Ontario Grade A Large (c/doz.)	139	131	127	125	127	130	134	137	141	144	149	130.5	13.8%	2.6%
Wholesale Egg Price, Ontario (c/doz.)	163	156	153	151	156	159	164	168	172	175	180	155.8	15.7%	2.4%
Retail Egg Price, Ontario (c/doz.)	169	176	177	174	176	179	182	186	190	193	198	174.1	13.7%	1.9%
Processed Egg Supply-Disposition ('000 boxes of 15 dozen)														
Production	5463	5717	6339	7671	7654	7811	8100	8428	8793	9164	9532	6297.6	51.4%	3.7%
Imports	990	1203	1107	934	994	994	994	994	994	994	994	1058.2	-6.1%	0.0%
Disappearance	4790	5256	5870	6328	6743	6933	7182	7470	7796	8126	8454	5560.7	52.0%	3.8%
Exports	1646	1727	1672	2251	1832	1872	1912	1952	1992	2032	2072	1824.2	13.6%	2.1%
Ending Stocks	402	339	243	269	342	342	342	342	342	342	342	313.2	9.3%	0.0%
Breaker Egg Price, Ontario (c/doz.)	84	72	67	62	57	60	61	62	62	62	63	71.1	-10.7%	1.9%
Producer Price of Shell Eggs in USA (US cents/doz.)	65.2	57.7	51.1	44.4	41.6	45.5	47.9	49.3	50.3	51.5	53.1	54.6	-2.8%	4.2%
Breaker Egg Levy (c/doz.)	16.2	14.2	15.5	16.9	17.1	17.5	17.8	18.3	19.0	19.7	20.5	15.7	30.6%	3.1%

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

Table B.22: Canadian dairy sector (dairy year)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Total Milk Production (Mhl)	77.8	79.4	79.9	80.1	80.5	80.7	81.2	81.7	82.2	82.5	82.9	79.3	4.5%	0.5%
P9 Milk Price ($/hl)	56.9	54.1	55.5	57.9	58.2	59.2	60.0	60.7	61.3	62.0	62.8	56.1	11.9%	1.3%
Fluid Sector Supply-Disposition (Mhl)														
Production	31.7	31.0	31.3	31.3	31.8	32.0	32.1	32.3	32.4	32.6	32.7	31.3	4.5%	0.5%
Standard Milk Sales	4.5	4.5	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.4	-5.5%	-0.7%
Low-Fat Milk Sales[1]	22.1	22.2	22.0	22.2	22.5	22.8	23.0	23.2	23.5	23.8	24.0	22.1	8.5%	1.1%
Cream Sales[2]	6.3	6.8	7.3	7.1	7.3	7.2	7.1	7.1	7.1	7.0	7.0	6.8	1.6%	-0.8%
Skim-off cream to industrial sector	9.1	9.4	9.2	9.5	9.7	9.9	10.1	10.3	10.5	10.6	10.8	9.3	16.5%	1.8%
Fluid Price - Ontario ($/hl)	60.7	61.0	62.8	63.1	63.1	64.0	64.6	65.4	66.0	66.6	67.5	61.9	9.0%	1.1%
Industrial Milk Supply (Mhl)	46.1	48.4	48.6	48.8	48.7	48.6	49.0	49.5	49.8	49.9	50.1	48.0	4.4%	0.5%
Market Share Quota	43.9	42.9	44.7	45.0	45.7	45.5	45.8	46.3	46.5	46.7	46.8	44.1	6.1%	0.4%
Butterfat Basis	43.9	42.9	44.7	45.0	45.7	45.5	45.8	46.3	46.5	46.7	46.8	44.1	6.1%	0.4%
Solids non-fat Basis	40.2	42.5	43.1	43.0	43.3	43.7	44.0	44.2	44.6	44.9	45.1	42.2	6.9%	0.7%
Milk for Export	2.3	5.5	3.9	3.8	3.0	3.2	3.2	3.2	3.2	3.2	3.3	3.9	-14.9%	1.4%
Subsidized Exports (5D)	—	—	—	2.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9	0.6	241.2%	0.0%
Unsubsidized Exports	—	—	—	1.5	1.1	1.3	1.3	1.3	1.3	1.3	1.4	0.4	260.7%	3.7%
Gross Target Return ($/hl)	54.4	55.0	55.7	56.2	56.5	57.4	58.2	59.0	59.8	60.6	61.5	55.3	11.3%	1.4%
Direct Subsidy ($/hl)	3.8	3.4	2.7	1.9	1.1	0.4	0.0	0.0	0.0	0.0	0.0	2.9	-100.0%	-100.0%
Assumed Processing Margin ($/hl)	8.1	8.2	8.3	8.3	8.3	8.4	8.4	8.4	8.4	8.4	8.5	8.2	2.6%	0.2%
Butter Supply-Disposition (kt)														
Production	90.2	86.2	91.6	89.2	91.2	87.7	88.9	90.2	90.5	90.2	90.2	89.3	1.0%	-0.2%
Imports	2.8	2.9	3.2	3.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.0	10.4%	0.0%
Disappearance	77.7	85.6	87.1	87.4	88.7	88.7	89.2	89.5	89.9	89.9	90.0	84.5	6.6%	0.2%
Exports	11.0	11.0	4.3	4.7	3.5	3.5	3.5	3.5	3.5	3.5	3.5	7.7	-54.8%	0.0%
Ending Stocks	24.6	17.1	20.4	20.5	22.8	21.7	21.2	21.6	22.0	22.1	22.1	20.7	6.8%	-0.6%
Wholesale Butter Support Price ($/kg)	5.32	5.36	5.43	5.50	5.57	5.65	5.70	5.82	5.87	5.92	5.97	5.4	10.5%	1.2%
Skim Milk Powder Supply-Disposition (kt)														
Production	62.0	66.0	80.3	68.5	68.8	61.7	62.6	62.6	61.6	59.5	58.2	69.2	-15.9%	-2.8%
Disappearance	31.5	32.9	44.7	33.4	40.9	36.3	35.0	35.1	35.7	36.0	36.3	35.6	2.0%	-1.9%
through class 4M	0.0	0.0	0.0	0.0	7.0	2.1	0.5	0.4	0.7	0.7	0.9	0.0	—	-29.7%
Exports	23.7	29.8	40.4	35.1	27.9	30.8	30.2	27.5	25.3	23.4	21.3	32.3	-33.9%	-4.4%
Ending Stocks	22.9	26.2	21.3	21.3	21.3	16.0	13.5	13.5	14.1	14.3	14.8	22.9	-35.4%	-5.9%
Wholesale Skim Milk Powder Support Price ($/kg)	4.20	4.32	4.48	4.60	4.62	4.78	4.90	4.94	5.00	5.07	5.16	4.4	17.3%	1.9%

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.22: Canadian dairy sector (dairy year) (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Cheddar Cheese Supply-Disposition (kt)														
Production	124.1	127.4	127.8	139.3	134.8	137.0	139.2	140.7	142.1	143.9	146.2	129.6	12.8%	1.4%
Imports	2.6	1.6	2.1	1.7	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.0	23.8%	5.0%
Disappearance	111.4	116.8	119.6	123.0	125.5	127.4	129.5	131.2	132.7	134.5	136.6	117.7	16.1%	1.4%
Exports	9.0	11.4	11.6	12.2	10.4	11.0	11.0	11.1	11.1	11.2	11.4	11.0	3.3%	1.6%
Ending Stocks	34.6	35.5	34.1	40.0	40.8	41.4	42.1	42.6	43.1	43.7	44.4	36.0	23.2%	1.4%
Wholesale Cheddar Cheese Price ($/kg)	6.88	7.07	7.26	7.23	7.44	7.74	8.01	8.29	8.55	8.81	9.10	7.1	28.0%	3.4%
Specialty Cheese Supply-Disposition (kt)														
Production	194.4	204.2	201.7	208.3	209.7	213.5	215.7	218.3	221.0	223.6	226.2	202.1	11.9%	1.3%
Imports	17.9	18.2	19.3	18.7	18.5	18.4	18.3	18.2	18.1	18.0	17.9	18.5	-3.1%	-0.6%
Disappearance	202.2	210.0	207.1	210.4	215.8	218.1	220.1	222.3	225.0	227.3	229.3	207.4	10.5%	1.0%
Exports	8.4	11.6	12.7	16.6	12.4	13.8	14.0	14.2	14.2	14.4	14.8	12.3	20.2%	3.0%
Ending Stocks	12.6	13.3	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	13.7	5.4%	0.0%
Ice Cream Supply-Disposition (kt)														
Production	216.2	223.4	208.7	205.5	207.4	205.4	201.4	198.6	197.2	194.3	191.3	213.5	-10.4%	-1.3%
Imports	0.5	0.4	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	1.0	0.6	70.0%	5.0%
Disappearance	211.7	220.5	201.0	200.7	202.6	200.6	196.7	193.9	192.5	189.7	186.7	208.5	-10.5%	-1.4%
Exports	5.0	3.3	8.4	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.5	0.1%	0.0%
Wholesale Ice Cream Price , ($/kg)	2.83	2.84	2.87	2.76	2.81	2.95	3.10	3.23	3.37	3.52	3.67	2.8	30.0%	4.5%
Yogurt Supply-Disposition (kt)														
Production	98.2	108.7	138.0	141.6	140.1	140.4	140.8	141.6	142.4	143.4	144.4	121.6	18.7%	0.5%
Imports	0.3	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-2.4%	0.0%
Disappearance	98.3	108.9	138.4	141.8	140.4	140.6	141.0	141.9	142.6	143.6	144.6	121.9	18.7%	0.5%
Exports	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	11.7%	0.0%

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 farm input prices (base year = 1986)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Retail Price Indexes and % change														
Building and Fencing (Wt=3.93)	134.6	138.7	136.1	143.2	142.4	143.8	145.4	147.1	149.0	150.9	152.9	138.1	10.7%	1.2%
	2.4%	3.1%	-1.9%	5.2%	-0.5%	0.9%	1.1%	1.2%	1.2%	1.3%	1.3%			
Machinery Replacement (Wt=10.01)	171.9	177.2	182.3	182.8	186.8	189.9	192.8	195.9	199.3	202.8	206.3	178.5	15.5%	1.7%
	3.0%	3.1%	2.9%	0.3%	2.2%	1.6%	1.5%	1.6%	1.7%	1.7%	1.7%			
Petroleum Products (Wt=5.35)	114.1	117.5	105.8	114.8	132.9	128.1	125.3	125.8	127.3	128.9	130.5	113.1	15.4%	-0.3%
	5.9%	2.9%	-9.9%	8.5%	15.8%	-3.6%	-2.1%	0.4%	1.2%	1.2%	1.2%			
Machinery Repair (Wt=5.95)	141.6	144.7	149.6	152.1	153.3	156.9	161.7	165.8	170.1	174.7	180.1	147.0	22.5%	2.7%
	2.7%	2.1%	3.4%	1.7%	0.8%	2.4%	3.0%	2.6%	2.6%	2.7%	3.1%			
Seed (Wt=2.61)	124.8	125.4	128.9	127.4	123.5	120.7	127.2	129.1	132.5	134.8	138.8	126.6	9.6%	2.0%
	8.2%	0.5%	2.8%	-1.2%	-3.0%	-2.2%	5.3%	1.5%	2.6%	1.8%	3.0%			
Fertilizer (Wt=6.76)	136.4	128.7	121.9	113.8	114.1	113.7	114.4	115.7	117.5	120.1	123.3	125.2	-1.5%	1.3%
	6.4%	-5.6%	-5.3%	-6.7%	0.3%	-0.3%	0.6%	1.1%	1.5%	2.2%	2.7%			
Pesticides (Wt=3.55)	124.8	127.4	130.2	133.0	133.8	135.0	136.2	137.3	138.5	139.7	141.1	128.8	9.5%	0.9%
	2.9%	2.1%	2.2%	2.2%	0.6%	0.9%	0.9%	0.8%	0.9%	0.9%	1.0%			
Twine (Wt=0.60)	134.6	137.5	139.4	140.6	142.4	144.9	147.3	149.8	152.4	155.1	158.1	138.0	14.6%	1.8%
	5.9%	2.2%	1.3%	0.9%	1.2%	1.8%	1.7%	1.7%	1.7%	1.8%	1.9%			
Feeder Cattle (Wt=10.54)	89.7	116.6	126.4	134.9	148.0	144.9	143.4	140.4	130.8	122.8	110.0	116.9	-5.9%	-4.8%
	-20.3%	30.0%	8.3%	6.8%	9.7%	-2.1%	-1.0%	-2.1%	-6.9%	-6.1%	-10.4%			
Weaners (Wt=2.83)	116.6	119.3	82.4	89.6	129.5	120.0	113.1	108.7	112.9	112.9	107.0	102.0	4.9%	-3.1%
	26.2%	2.3%	-30.9%	8.7%	44.6%	-7.4%	-5.7%	-3.9%	3.8%	0.0%	-5.2%			
Feed (Wt=13.97)	143.6	134.8	116.8	105.7	101.0	107.0	111.0	113.2	115.1	115.9	118.5	125.2	-5.4%	2.7%
	25.1%	-6.1%	-13.3%	-9.5%	-4.5%	6.0%	3.8%	1.9%	1.7%	0.7%	2.2%			
Veterinary Service (Wt=0.94)	165.6	168.9	169.3	170.0	174.8	180.6	187.0	192.9	198.8	205.1	212.4	168.5	26.1%	3.3%
	3.4%	2.0%	0.2%	0.4%	2.8%	3.4%	3.5%	3.2%	3.0%	3.2%	3.5%			
Small Tools (Wt=0.63)	115.8	115.5	116.3	117.3	115.1	115.7	116.3	117.0	117.6	118.3	118.9	116.2	2.3%	0.6%
	1.6%	-0.2%	0.7%	0.9%	-1.9%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%			

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

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

Table B.23: Canadian farm input prices (base year = 1986) (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Electricity (Wt=1.68)	154.2	154.3	151.5	152.3	158.7	155.7	153.2	153.7	156.0	157.5	160.1	153.1	4.6%	0.1%
	2.4%	0.0%	-1.8%	0.5%	4.2%	-1.9%	-1.6%	0.3%	1.5%	0.9%	1.6%			
Custom Work (Wt=0.85)	133.7	137.9	139.3	138.3	140.9	143.6	146.2	148.9	151.8	154.7	157.7	137.3	14.9%	1.9%
	4.2%	3.1%	1.0%	-0.7%	1.9%	1.9%	1.8%	1.8%	1.9%	1.9%	2.0%			
Hired Farm Labour (Wt=8.49)	142.9	147.2	149.5	146.8	149.3	153.1	157.0	160.9	164.9	169.3	174.1	146.6	18.8%	2.6%
	3.7%	3.0%	1.6%	-1.8%	1.7%	2.6%	2.5%	2.5%	2.5%	2.6%	2.9%			
Property Taxes (Wt=1.63)	146.6	150.8	148.6	150.8	149.5	148.5	148.8	149.4	150.4	150.7	151.3	149.2	1.4%	0.2%
	4.3%	2.9%	-1.5%	1.5%	-0.8%	-0.7%	0.2%	0.4%	0.7%	0.2%	0.4%			
Land Rent (Wt=3.70)	146.4	136.3	131.7	130.0	124.9	121.7	123.0	125.6	128.7	129.2	130.6	136.1	-4.1%	0.7%
	14.2%	-6.9%	-3.4%	-1.3%	-3.9%	-2.6%	1.1%	2.1%	2.5%	0.3%	1.1%			
Non-Mortgage Interest (Wt=6.67)	86.0	88.2	118.8	118.0	120.0	120.9	120.9	119.0	115.9	115.9	115.9	102.8	12.8%	-0.6%
	-12.3%	2.6%	34.7%	-0.7%	1.7%	0.7%	0.0%	-1.5%	-2.6%	0.0%	0.0%			
Mortgage Interest (Wt=2.89)	101.8	97.6	93.6	100.1	101.9	102.7	102.3	100.6	97.5	97.5	97.5	98.3	-0.8%	-0.7%
	-5.3%	-4.1%	-4.1%	7.0%	1.8%	0.7%	-0.4%	-1.6%	-3.1%	0.0%	0.0%			
Total (Wt=100)	127.3	129.9	128.9	129.3	133.3	134.3	135.8	136.9	137.6	138.3	138.8	128.9	7.7%	0.7%
	4.6%	2.0%	-0.7%	0.3%	3.1%	0.7%	1.2%	0.8%	0.5%	0.6%	0.4%			

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

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

Table B.24: Canadian food prices (base year = 1992)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Retail Price Indexes and % change														
Total Food	105.93	107.55	109.30	110.73	111.51	112.61	114.51	116.53	118.26	120.07	121.61	108.4	12.2%	1.5%
	1.3%	1.5%	1.6%	1.3%	0.7%	1.0%	1.7%	1.8%	1.5%	1.5%	1.3%			
Food from Restaurants	106.33	108.10	110.28	112.38	113.85	116.03	118.68	121.49	124.21	126.99	129.70	109.3	18.7%	2.2%
	1.6%	1.7%	2.0%	1.9%	1.3%	1.9%	2.3%	2.4%	2.2%	2.2%	2.1%			
Food from Stores	105.85	107.48	109.15	110.29	110.60	111.28	112.90	114.60	115.95	117.40	118.48	108.2	9.5%	1.2%
	1.2%	1.5%	1.6%	1.0%	0.3%	0.6%	1.5%	1.5%	1.2%	1.2%	0.9%			
Meat	107.88	111.17	109.42	110.15	111.02	110.78	111.39	112.53	113.25	113.87	112.78	109.7	2.9%	0.3%
	3.1%	3.0%	-1.6%	0.7%	0.8%	-0.2%	0.6%	1.0%	0.6%	0.5%	-1.0%			
Red Meat	105.88	108.33	105.79	105.95	108.07	107.60	107.80	108.66	108.38	108.16	105.51	106.5	-0.9%	-0.4%
	-1.1%	2.3%	-2.3%	0.1%	2.0%	-0.4%	0.2%	0.8%	-0.3%	-0.2%	-2.4%			
Cured Pork	124.50	132.63	127.23	125.92	128.19	123.75	121.24	120.56	123.85	126.44	126.73	127.6	-0.7%	-0.2%
	15.7%	6.5%	-4.1%	-1.0%	1.8%	-3.5%	-2.0%	-0.6%	2.7%	2.1%	0.2%			
Poultry Meat	105.17	108.26	107.91	111.08	107.30	109.61	112.82	115.53	118.33	120.76	124.16	108.1	14.8%	2.5%
	7.9%	2.9%	-0.3%	2.9%	-3.4%	2.1%	2.9%	2.4%	2.4%	2.1%	2.8%			
Dairy Products	103.38	106.15	108.69	109.95	111.47	113.81	116.62	119.26	121.91	124.76	127.63	107.0	19.2%	2.3%
	1.6%	2.7%	2.4%	1.2%	1.4%	2.1%	2.5%	2.3%	2.2%	2.3%	2.3%			
Whole Milk	103.06	105.94	108.55	109.21	109.72	110.82	113.03	114.96	116.56	118.63	120.99	106.7	13.4%	1.6%
	1.6%	2.8%	2.5%	0.6%	0.5%	1.0%	2.0%	1.7%	1.4%	1.8%	2.0%			
Low Fat Milk	100.33	103.17	105.62	106.26	106.95	108.24	110.28	112.01	113.80	116.25	118.42	103.8	14.0%	1.7%
	1.2%	2.8%	2.4%	0.6%	0.6%	1.2%	1.9%	1.6%	1.6%	2.2%	1.9%			
Cheese	107.20	110.14	113.23	114.51	116.44	119.75	123.57	127.27	130.98	134.61	138.41	111.3	24.4%	2.9%
	2.2%	2.7%	2.8%	1.1%	1.7%	2.8%	3.2%	3.0%	2.9%	2.8%	2.8%			
Ice Cream	101.22	102.97	105.11	108.17	112.80	119.07	124.72	130.32	135.86	141.59	147.54	104.4	41.4%	4.6%
	2.8%	1.7%	2.1%	2.9%	4.3%	5.6%	4.7%	4.5%	4.3%	4.2%	4.2%			
Butter	105.67	108.96	111.54	113.98	116.55	118.82	120.24	121.89	123.76	124.90	126.05	110.0	14.6%	1.3%
	1.4%	3.1%	2.4%	2.2%	2.3%	1.9%	1.2%	1.4%	1.5%	0.9%	0.9%			
Skim Milk Powder	104.08	106.58	109.28	110.77	111.50	111.67	112.61	114.21	116.77	119.67	122.84	107.7	14.1%	1.6%
	1.0%	2.4%	2.5%	1.4%	0.7%	0.2%	0.8%	1.4%	2.2%	2.5%	2.7%			

Historical Data Sources: Statistics Canada—CANSIM.

Table B.24: Canadian food prices (base year = 1992) (Continued)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Cereal	117.86	122.86	124.47	125.25	125.82	127.16	128.44	129.56	130.69	132.01	133.50	122.6	8.9%	1.0%
	2.5%	4.2%	1.3%	0.6%	0.5%	1.1%	1.0%	0.9%	0.9%	1.0%	1.1%			
Bakery Products	108.28	109.98	109.19	110.25	111.04	112.41	113.61	114.68	115.75	116.97	118.33	109.4	8.1%	1.1%
	3.9%	1.6%	-0.7%	1.0%	0.7%	1.2%	1.1%	0.9%	0.9%	1.1%	1.2%			
Fruit	97.38	95.00	99.43	102.47	104.71	106.79	108.78	110.70	112.63	114.34	116.33	98.6	18.0%	1.8%
	1.3%	-2.4%	4.7%	3.1%	2.2%	2.0%	1.9%	1.8%	1.7%	1.5%	1.7%			
Vegetables	90.82	93.61	104.78	102.25	107.01	108.45	107.77	107.80	108.07	107.95	107.81	97.9	10.2%	0.1%
	-11.3%	3.1%	11.9%	-2.4%	4.7%	1.4%	-0.6%	0.0%	0.3%	-0.1%	-0.1%			
Sugar & Sugar Preparations	137.66	147.74	167.58	166.61	129.53	111.65	125.12	135.73	136.27	140.82	148.07	154.9	-4.4%	2.3%
	4.4%	7.3%	13.4%	-0.6%	-22.3%	-13.8%	12.1%	8.5%	0.4%	3.3%	5.1%			
Fats & Oils	113.24	114.27	117.21	122.08	114.61	114.50	116.52	119.53	123.33	127.63	131.70	116.7	12.9%	2.3%
	2.4%	0.9%	2.6%	4.2%	-6.1%	-0.1%	1.8%	2.6%	3.2%	3.5%	3.2%			

Historical Data Sources: Statistics Canada—CANSIM.

Table B.25: Canadian per capita consumption

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1996–1999	% Chg. 2006: 1996–1999 Avg.	Growth rate 2000–2006
Meat (kg)	86.0	86.1	88.3	93.5	91.7	92.3	93.6	94.6	95.3	96.3	97.3	88.5	9.9%	1.0%
Beef	31.2	30.8	30.4	32.5	31.2	30.6	30.8	30.9	31.2	31.5	32.0	31.2	2.6%	0.4%
Pork	26.1	25.3	27.2	27.1	27.1	27.8	28.4	28.7	28.5	28.4	28.4	26.4	7.5%	0.8%
Chicken	24.6	25.6	26.3	29.2	29.1	29.6	30.1	30.6	31.3	32.1	32.6	26.4	23.2%	1.9%
Turkey	4.2	4.4	4.4	4.7	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.4	-2.7%	0.1%
Eggs (doz)	11.8	12.2	12.0	11.2	11.4	11.4	11.4	11.3	11.3	11.2	11.1	11.8	-5.6%	-0.4%
Whole Milk (l)	15.0	15.0	14.2	14.1	14.1	14.0	13.9	13.5	13.2	13.0	12.9	14.6	-11.7%	-1.5%
Low-fat Milk (l)	74.1	73.8	72.7	72.6	73.0	73.3	73.5	73.7	73.9	74.1	74.3	73.3	1.4%	0.3%
Cream (l)	21.1	22.5	23.9	23.2	23.7	23.3	22.8	22.5	22.3	21.9	21.5	22.7	-5.0%	-1.6%
Butter (kg)	2.6	2.8	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	-0.4%	-0.5%
Cheese (kg)	10.5	10.9	10.8	10.9	11.1	11.1	11.2	11.2	11.2	11.3	11.3	10.8	5.1%	0.4%
Ice Cream (kg)	7.1	7.3	6.6	6.6	6.6	6.5	6.3	6.1	6.1	5.9	5.8	6.9	-16.4%	-2.1%
Yogurt (kg)	3.3	3.6	4.6	4.6	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.0	11.0%	-0.3%

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