Medium-term prospects for major agricultural commodities 2017-2026

Canada

Highlights

- Canada is projected to remain a leading exporter in 2026 of **wheat, rapeseed**, **beef** and **pigmeat,** and to account for more than half of global oilseeds exports, when excluding soybeans.
- Strong growth is expected in the production of **biodiesel, cheese** and **oilseeds**, fuelled by domestic consumption growth.
- **Dairy, meat and vegetable oil** will increase their share of protein and caloric intake. The consumption of **cheese** and **skim milk powder** is expected to increase rapidly, while higher **oilseed** consumption will lead to increases in **vegetable oil** and **biodiesel** production.
- **Meat** imports will increase significantly, despite domestic consumption growing more slowly than the global average rate. Caloric intake from meat is projected to remain high, at 50% above the global average in 2026.

Overview

Canadian agriculture benefits from relatively abundant arable and pasture land, and is a large net exporter of agricultural products. These account for more than 10% of total exports, with more than half of Canada's agriculture exports going to the United States. Agricultural growth in Canada has been driven by improvement in total factor productivity and output growth has increased over time, with minimum increased pressure on natural resources. The *OECD-FAO Agricultural Outlook* foresees that growth of Canada's agricultural production will outpace that of domestic consumption, thus enabling the country to maintain its position as a major exporter of agricultural commodities on world markets. Food demand will continue to increase, but calorie intake will remain stable; the share of vegetable oil and the dairy share of protein intake will increase, and meat will continue to be a major element of the national diet.

Macroeconomic assumptions

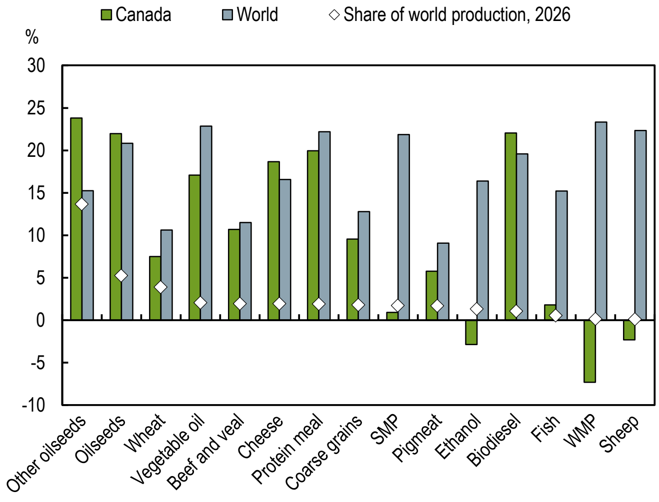
- Population is projected to increase by 0.8% per year, from 36 million in 2016 to 39 million in 2026.
- Annual inflation is expected to average slightly above 2% over the coming decade.
- The Canadian dollar is projected to weaken moderately against the United States dollar.
- GDP is projected to grow 2% per year.

Policy assumptions

- Tariffs are assumed to remain at their 2016 levels until 2026.
- NAFTA remains unchanged throughout the outlook period.
- CETA is incorporated in the projections.

Production

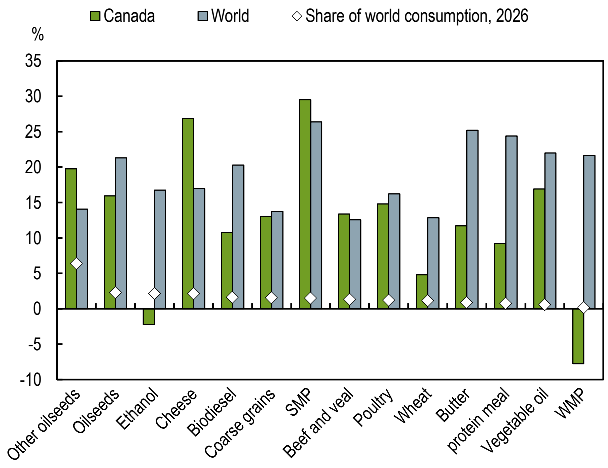
Production: Percentage change 2026 compared to 2014-16 average



- Canada is expected to remain the leading producer of **rapeseed** with a projected production growth of 24% over the coming decade.
- Increases of nearly 20% are expected in the production of **biodiesel**, **cheese** and **protein meal**, in line with expected global growth rates.
- Production growth for most other commodities, including **beef and veal**, **grains**, **pigmeat,** is expected to be at 10% or below. **Fish** and **skim milk powder** production will increase by less than 2%, well below the global average.
- Although relatively small at the global level, production of **ethanol**, **whole milk powder (WMP)** and **sheepmeat** is not projected to increase as demand weakens.

Consumption

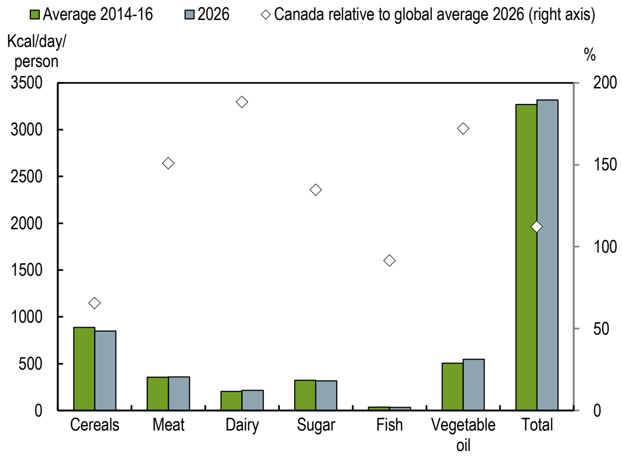
Consumption: Percentage change 2026 compared to 2014-16 average



- Consumption of **biodiesel** is projected to increase at a slower pace than the average global growth rate, while that of **ethano**l will decrease over the coming decade.
- Consumption of **coarse grains** is projected to increase by 14%, slightly below the global growth rate, while the increase in **wheat** consumption is expected to be less than half that of the global growth rate.
- Growth in consumption growth is projected to exceed global rates for **cheese** (+27%) and **skimmed milk powder** (+30%), but to be below for **butter** (+12%). Consumption of w**hole milk powder** is projected to decrease by nearly 8% over the outlook period, mirroring the decline in production.
- Increases in **poultry** and **beef and veal** consumption are projected to be 15%, while **pigmeat** consumption is projected to increase by only 4.5%. Poultry remains Canada's most consumed meat, at nearly half of total domestic meat consumption.
- Demand is projected to increase by 20% for **rapeseed**, exceeding the global growth rate, while consumption of **vegetable oil** (+17%), in particular **protein meal** (+9%), will increase more slowly than the global rate.
- A moderate **increase** in **sugar** consumption is projected given the current high level.

Caloric and protein intake

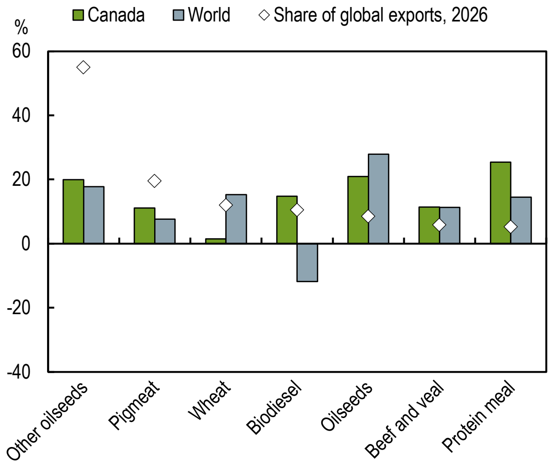
Projections of caloric intake per capita by commodity, 2026 compared to 2014-16 and to global average



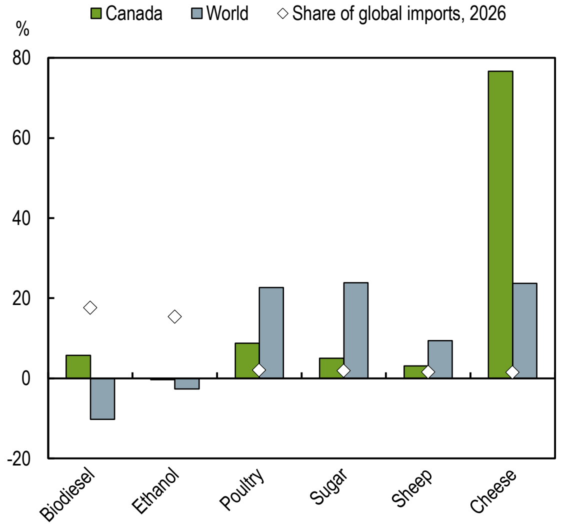
- **Calorie intake** in Canada is expected to remain stable with a projected marginal increase of 1% to 3 316 kcal/day/person by 2026, 12% above the projected global average.
- **Cereals** remain an important but declining source of calories and are projected to contribute only 850 kcal to daily diets by 2026, 4% lower than the current level.
- Calorie intake through **meat** consumption is projected to remain stable, at 50% above the global average in 2026.
- The fastest-growing main sources of calories are **vegetable oil** and **dairy**, which are projected to increase by 8% and 6% respectively. In 2026, Canadian calorie intake from **sugar** is projected to decrease slightly, but to remain 35% above the global average.
- Protein intake (not shown) is projected to remain constant at 112 grams/day/person, 16% above the expected global average in 2026. As with calories, protein intake in Canada will continue to be characterised by high contributions from **meat** and **dairy** products.

Trade

Exports: Percentage change 2026 compared to 2014-16 average



Imports: Percentage change 2026 compared to 2014-16 average



- Agricultural exports are mainly composed of bulk commodities, while processed products make up the greater share of imports.
- Canada will remain an important exporter, with exports of **rapeseeds**, **pigmeat**, **wheat**, **beef and veal**, and **protein meals** accounting for between 5% and 55% of the global share of exports.
- Federal biofuel production incentives are scheduled to end in 2017; this will likely reduce the level biodiesel exports over the outlook period.
- Canada is a significant importer of **biodiesel** and is projected to import 18% of the global trade of this product by 2026; the increase in Canadian imports is projected to outpace the average global growth rate.
- **Cheese** imports are projected to increase by 77%, the highest increase ever, albeit from a low base.
- Imports of other commodities, such as **poultry**, **sugar** and **sheepmeat**, are projected to increase less than the average global growth rates.

Policy and market uncertainties

- Canada's access to export markets is important for the agricultural sector, especially as these concerns the United States. The re-negotiation of the North American Free Trade Agreement (NAFTA) will be of particular importance.
- In 2016, Canada signed the Comprehensive Economic and Trade Agreement (CETA) with the European Union providing improved agricultural market access. It also signed the Canada–Ukraine Free Trade Agreement and exploratory discussions for a possible Canada-China FTA have begun. Canada signed the Trans-Pacific Partnership (TPP) Agreement, although the withdrawal of the United States has made the future prospects of the TPP uncertain.
- Canada's domestic markets are competitive for most agricultural commodities. However, the **dairy**, **poultry** and **egg** sectors are protected from international competition and continue to receive high market price support. CETA has provided the European Union with access to the Canadian **cheese** market, and Canada has until end of 2020 to eliminate export subsidies for **dairy products**. These developments will require adjustments within the dairy sector, although the timing and scale of the potential impacts are uncertain.

Further reading

OECD/FAO (2017), *OECD-FAO Agricultural Outlook 2017-2026*, OECD Publishing, Paris. http://dx.doi.org/10.1787/agr_outlook-2017-en.
OECD-FAO Agricultural Outlook: www.agri-outlook.org
Methodology of the Aglink-Cosimo Model: www.agri-outlook.org/abouttheoutlook/Aglink-Cosimo-model-documentation-2015.pdf
Policy information for these country notes is drawn from the *OECD Agricultural Policy Monitoring and Evaluation*: http://oe.cd/pse

For more information about *the Agricultural Outlook, contact us at* TAD.contact@oecd.org.

Canada: Selected commodity projections

			Average 2014-16est.	2021	2026	Growth[2] 2007-16	2017-26
Wheat	Area harvested	kha	9 312	9 503	9 484	0.40	0.13
	Production	kt	29 581	31306	31800	3.58	0.59
	Consumption	kt	8 726	8 996	9 146	2.65	0.54
	Per capita consumption [1]	kg/cap	76.1	74.3	72.9	-141	-0.39
	Exports	kt	22 421	22 311	22 750	3.95	0.60
Maize	Area harvested	kha	1288	1373	1418	0.85	0.71
	Production	kt	12 746	13 550	14 203	2.61	101
	Consumption	kt	12 718	14 219	14 827	0.07	0.71
	Per capita consumption [1]	kg/cap	44.7	42.5	40.9	-101	-0.89
	Exports	kt	1157	808	818	20.53	-0.52
	Imports	kt	1328	1477	1450	-9.69	-0.94
Other oilseeds	Area harvested	kha	8 177	9 073	9 413	3.27	115
	Production	kt	17 796	20 349	22 031	6.63	174
	Consumption	kt	8 586	9 618	10 285	8.22	125
	Exports	kt	9 850	11 187	11 810	5.28	2.21
Protein meals	Production	kt	6 079	6 786	7 290	7.25	115
	Consumption	kt	2 638	2 797	2 882	-109	0.70
	Exports	kt	4 229	4 841	5 304	10.81	145
	Imports	kt	803	852	896	-6.17	142
Vegetable oils	Production	kt	3 831	4 187	4 486	8.08	111
	Consumption	kt	1093	1121	1278	3.26	174
	Per capita consumption [1]	kg/cap	25.9	25.1	28.0	0.06	116
	Exports	kt	2 890	3 325	3 471	8.72	0.82
Sugar	Production	kt	90	111	115	148	0.99
	Consumption	kt	1174	1223	1265	-0.83	0.75
	Per capita consumption [1]	kg	32.7	32.3	32.2	-188	-0.04
	Imports	kt	1131	1150	1188	-136	0.68
Beef and veal	Cow inventory	000 hd	3 830	3 815	3 877	-2.40	0.14
	Production	kt (cwe)	1338	1451	1481	-3.24	0.73
	Consumption	kt (cwe)	893	999	1012	-173	0.72
	Per capita consumption [1]	kg/cap	17.4	18.5	18.0	-2.77	-0.08
	Exports	kt (cwe)	646	705	719	-4.49	0.63
	Imports	kt (cwe)	208	251	251	-0.28	0.65
Poultry	Production	kt (rtc)	1301	1406	1495	109	111
	Consumption	kt (rtc)	1383	1499	1588	120	105
	Per capita consumption [1]	kg/cap	33.9	34.8	35.5	0.13	0.25
	Exports	kt (rtc)	183	185	197	0.10	142
	Imports	kt (rtc)	268	278	291	0.90	103
Milk	Cow inventory	000 hd	960	947	945	-0.18	-0.12
	Production	kt	9 173	10 146	10 658	148	0.81
Cheese	Production	kt	427	477	506	194	0.99
	Consumption	kt	431	504	546	165	178
	Per capita consumption [1]	kg/cap	12.0	13.3	13.9	0.58	0.97
	Imports	kt	23	36	41	0.94	5.97
Fish and seafood	Production	kt	1032	1046	1050	-129	-0.37
	Food consumption	kt	785	784	829	0.39	0.65
	Per capita consumption [1]	kg/cap	219	20.7	211	-0.68	-0.14
	Exports	kt	819	795	760	-102	-2.05
	Imports	kt	643	606	607	0.81	-135
Ethanol	Production	mln L	1845	1801	1792	9.85	-0.07
	Domestic use	mln L	3 020	2 983	2 953	12.16	-0.08
	Fuel use	mln L	2 815	2 752	2 697	13.01	-0.26
	Share in gasoline fuel use	%	5.7	5.7	6.0	..	..
	Imports	mln L	1225	1243	1221	13.86	-0.10
Biodiesel	Production	mln L	343	410	419	19.84	0.43
	Fuel use	mln L	598	635	663	64.96	105
	Share in diesel fuel use	%	2.3	2.2	2.3	..	..
	Exports	mln L	282	335	323	17.48	-0.58
	Imports	mln L	536	560	567	64.31	0.52

1 Per capita consumption expressed in retail weight. Carcass weight to retail weight conversion factor of 0.7 for beef and veal, 0.78 for pigmeat and 0.88 for both sheep meat and poultry meat.

2. Least squares growth rate.