

Processors

The Canadian milling industry directly employs 4,000 people at 32 separate mills. The wheat flour milling industry comprises 17 firms and has mills in all regions of Canada, although 40 per cent of capacity is in Ontario. Industry output of flour is about 1.8 million tonnes from 2.4 million tonnes of wheat ground annually. Flour exports are about 400 000 tonnes in wheat equivalents, which account for seven per cent of world flour trade. Cuba is Canada's only commercial export market and the Canadian International Development Agency purchases account for most of the balance.

The Canadian malting industry directly employs about 450 people in five malting plants. Total malting capacity is approximately 450 000 tonnes, equivalent to 600 000 tonnes of barley. About 60 per cent of the total production is used domestically, primarily by the brewing industry (270 000 tonnes). The export market accounts for remaining 40 per cent.

The Canadian oilseed crushing industry consists of 12 crushing facilities owned by nine different companies. The crush consists of soybeans and canola in Eastern Canada, and mostly canola with a small amount of sunflowers in Western Canada. Small volumes of flaxseed are also crushed in both regions. Combined crushing capacity is approximately 9 300 tonnes/day and is split almost evenly between East and West. Canadian crushers process 1.3 million tonnes of canola and one million tonnes of soybeans each year. Canola and soybean crushers produce 720 000 tonnes of vegetable oil and 1.5 million tonnes of high protein vegetable meal annually.

Assessment

This section is divided into six subsections. The first subsection outlines elements of the Agreement specific to the grains and oilseeds sector. The next two subsections evaluate the expected impact of the Agreement on producers and processors respectively. The last three subsections examine several issues expected to affect this sector as it adapts to the new environment created by the Agreement, namely, tariff rate changes included in the Agreement, removal of import licences on wheat, barley, oats and their products, and removal of eligibility under the Western Grain Transportation Act for grain and oilseed products moving through west coast ports for consumption in the United States.

Specific Elements of the Agreement Affecting Grains and Oilseeds

The United States agrees not to impose or reimpose any quantitative import restrictions on grains and their products as long as there are no significant increases in imports resulting from changes in grain support programs in either country.

The United States will accept the terms canola oil and low-erucic acid rapeseed oil as synonymous. This gives the canola industry a better marketing opportunity in the U.S. market.

Canadian import licences for wheat, oats and barley are to be removed under certain conditions.