



INDUSTRY UPDATE . . . August 21, 2001

Pool's Market Share Eroding

A report just released by the Toronto-based Dominion Bond Rating Service says the Saskatchewan Wheat Pool could be Canada's most profitable grain company, but it has built too many high-throughput elevators and lost too many customers. The Pool has closed 353 of its traditional elevators and built 30 high-throughput elevators in an attempt to create a more efficient grain transportation system. The Report notes other companies in Canada have also built too many high-throughput facilities, but have been slow to close traditional elevators. The result is overcapacity in the elevator system. The new high-throughput elevators have not been able to attract the volumes needed to be profitable. To be profitable, elevators must turn 10 times their 25,000 tonnes of storage capacity every year. The industry only achieved 5 turns in 1999-2000. The Pool's market share has gone from 61 percent in 1992 to 45 percent in 1999-2000.

Monsanto Changes Fee System for Soybean Producers

Monsanto Canada is changing the way it charges soybean farmers for use of its Roundup Ready genetics, but only in Ontario. The company says it is not discriminating against Prairie farmers by not making the same change for growers of its patented canola. Monsanto spokesperson Trish Jordan of Winnipeg says canola farmers prefer to pay an acreage charge for the technology rather than have the charge included entirely in the cost of the seed they must buy each year, which is done for soybean producers. The company charges farmers \$15 an acre to use the patented Roundup Ready gene, which has been inserted in a large number of canola varieties marketed by different seed companies. Jordan says the technology agreement was changed for soybean producers based on each bag of soybean seed they bought in the spring. Roundup Ready technology in canola has always been charged by the acre since the technology was introduced on the Prairies in 1996. Despite the fact soybean producers will now have to pay only one fee when they buy their seed, Jordan says a technology use agreement (TUA) remains in place for soybean, as it does for canola. In any case, the TUA does not allow the farmer to save any seed for the following year's plantings. As well, soybean farmers will not likely pay any less than they have in the past with the new charge, which includes the technology fee plus the cost of new seed each year. In the wake of the company's successful prosecution of Bruno, Saskatchewan farmer Percy Schmeiser, Monsanto Canada has indicated it is ready to prosecute more farmers who it has investigated for not paying the TUA or who are suspected of buying seed through a non-authorized dealer.