



## **I.D.E.A. Industry Update - December 14, 2001**

### **Agricore United Prices Public Offering**

Agricore United has priced its treasury and secondary offering of 13 million limited voting common shares at a price of \$8.00 a share.

The treasury offering consists of approximately 6.7 million shares for total proceeds to Agricore United of about \$53.7 million. Archer Daniels Midland (ADM) has agreed to purchase about 1.7 million of the 6.7 million share treasury offering in order to maintain its 19% interest in the company. Agricore United says it intends to use the net proceeds from the treasury offering to reduce its debt.

The secondary offering of approximately 6.3 million shares relates to the assisted sales program being established by the company for former shareholders and equity members of the Agricore Cooperative. These people received limited voting common shares when United Grain Growers merged with Agricore. The assisted sales program allows them to sell in an orderly manner if they choose to do so. The offering is expected to close on or about December 17, 2001.

### **Sask Pool Loses \$12.4 Million in First Quarter**

Saskatchewan Wheat Pool is reporting a consolidated net loss for the first quarter of its fiscal year of \$12.4 million or 33 cents a share. This compares to a loss of \$5.6 million or 15 cents a share for the same quarter last year.

The Pool says the first quarter results reflect the impact of last summer's drought on western Canadian agri-businesses.

While there's less grain to move, the Pool claims to be capturing a larger share of the market. It is targeting a one to three point market share improvement by year end.

Balance sheet debt declined \$76 million year over year. This is a reduction of 9%, reflecting the Pool's efforts to cut debt load.

Pool CEO Mayo Schmidt says the next two quarters will remain challenging due to the drought conditions, but he says the focus for the remainder of the year will not change.

"We intend to further strengthen our competitive position through asset dispositions and cost reduction initiatives. Assuming a return to normal weather conditions, the Pool expects to be back on track, driving for profitability in fiscal 2003," says Schmidt.

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## **Canadian Corn Producers Unite to Protect Bt Technology**

An overwhelming majority of Canadian corn growers are implementing management practices to stave off insect resistance to one of the industry's most popular new pest-control technologies, Bt corn hybrids. A study by the Canadian Corn Pest Coalition (CCPC), conducted by Stratus Agri-Marketing shows about 90 per cent of corn farmers have adopted management strategies to support the fight against European corn borer with Bt corn hybrids; genetically enhanced crop varieties now being grown by almost 60 per cent of all corn producers.

The hybrids contain a specific protein from the common soil bacterium *Bacillus thuringiensis* (Bt), which is harmless to humans. When the corn borer eats the corn plant containing the Bt protein, the protein interferes with the insect's digestive system, and it dies.

European corn borers, found in all commercially significant corn-growing regions in Canada, cause hundreds of thousands of dollars worth of damage to the country's 1.4-million-hectare corn crop. They weaken the plant and make it susceptible to a host of diseases that decrease the corn's value.

"The study demonstrates excellent comprehension and compliance of insect resistance management by farmers," says CCPC chair Professor Mark Sears of the University of Guelph's Department of Environmental Biology. "They understand their responsibility and are practicing good stewardship techniques for long-term sustainability of the technology."

This year, Bt corn accounted for 35 per cent of all Canadian farmland planted to corn. The CCPC, representing corn producers, researchers and extension personnel from government, industry and universities, has created an insect resistance strategy to help the technology remain effective. Over time, a certain proportion of insects can naturally develop resistance to any control strategy. But the onset of that problem can be delayed appreciably with strategic insect resistance management (IRM) approaches.

There are two key elements in the IRM plan. First, farmers are to plant 20 per cent or more of their total corn acres to non-Bt hybrids to provide a "refuge" or source of corn borers that have not encountered Bt corn. Second, farmers are to plant their Bt corn no more than a quarter-mile away (or closer, preferably) from their non-Bt corn. Growing Bt corn hybrids and non-Bt hybrids in the same field or close-by reduces the potential of rare resistant insects developing by diluting their resistance genes with the more common susceptible conventional forms of the corn borer that emerge from the refuge.

Sears is encouraged by the Coalition's strategy. More than 1,700 corn producers were surveyed for the CCPC study across Quebec, Ontario and Manitoba, and close to 90 per cent of producers using Bt corn hybrids showed a high awareness of IRM requirements. Nationally, 87 per cent said they had no problem with IRM implementation, and urged the Coalition to continue its monitoring, communication and education efforts, which it plans to do in 2002.