



I.D.E.A. Industry Update - August 6, 2002

Deal Produces Large Ad Agency for Agriculture

A deal to create one of North America's largest agriculture-exclusive advertising agencies has been signed in Calgary between Axia NetMedia Corporation and AdFarm. The firm will operate under the AdFarm name. The partnership includes AdFarm, a privately held agency and Fieldstone Marketing and Kahntact Marketing, Axia's two agricultural marketing communication groups. The client base will include many of the agriculture industry's top names including Agricore United, Bayer Animal Health, Bayer CropScience, Dow AgroSciences and RBC Royal Bank. Over 65 people will be employed in the new AdFarm partnership with offices in Calgary, Guelph, Kansas City and Fargo.

APAS Feed Connection

The Agricultural Producers Association of Saskatchewan (APAS) has announced a Farmers Helping Farmers Feed Connection Program, consisting of a listing service for producers who have straw or hay to donate or sell, or producers who have feed and winter feeding facilities available. It is also open to businesses that want to provide trucking, baling or twine. As well, producers in need of feed can list with the service.

APAS says it will connect a rural municipality with surplus feed to a rural municipality requiring feed, using its elected representatives to coordinate the connection.

APAS says it will also be opening a Feed Connection Trust Fund for Saskatchewan individuals and organizations that wish to make tax deductible donations to offset the costs of transporting feed into drought areas or livestock into feed sufficient areas.

New Contract Calls Announced

The Canadian Wheat Board has announced opening "A" Series contract calls for a number of classes and grades of wheat as well as feed barley. Noticeably absent is any opening contract calls for durum. The CWB did not accept all of the durum offered by farmers in the old crop year. The new contract calls are all for 25 percent of the contracted amount in all train runs for the following classes and grades:

- No. 1 and 2 CW Red Spring Wheat
- No. 1 and 2 Canada Prairie Spring Wheat Red and White
- No. 1 and 2 CW Extra Strong Red Spring Wheat
- Canada Western Red Winter Wheat
- Canada Western Soft White Spring Wheat
- Feed Barley

CWB Announces Initial Payments While Seeking

The Canadian Wheat Board has announced 2002-03 initial payments for the various grades of wheat, durum and barley. The payments came into affect on August 1, the beginning of the new crop year.

The CWB says the initial payment recommendations were forwarded to the Government of Canada for analysis and approval prior to the severe crop deterioration in North America and therefore do not take into account the recent rise in values.

The CWB says it will be requesting an adjustment payment to increase initial payment levels and it says the Government of Canada has committed to handling the request quickly. Initial payment levels for the base grades in dollars per tonne at export position are: No. 1 CWRS wheat, 12.5 percent protein - \$149; No. 1 CWAD (durum), 12.5 percent protein - \$175; Feed Barley - \$105; SSCW Two-Row Designated Barley - \$147; SSCW Six-Row Designated Barley - \$132.

A complete listing is posted at www.cwb.ca.

Commodity Prices to Stay Low, Says Study

Canadian producers can expect at least six more years of chronically low feed grain and oilseed prices because of provisions in the 2002 US Farm Bill, says a report from the George Morris Centre.

The report says the Farm Bill guarantees enough subsidy to more than cover direct costs for producers of all major crops, which will cause US farmers to increase yield and production.

According to report authors Holly Mayer, Larry Martin and Anna Staciwa, bigger harvests will put negative pressure on chronically low corn and soybean prices, which will impact the income of Canadian producers of feed grains and oilseeds. They say Canadian livestock producers will not fare any better. Country of Origin Labelling will impose additional costs on US packers and grocery chains, which will most likely be reflected in the form of lower prices for Canadian livestock, especially cattle and hogs.

The study also anticipates aggressive retaliatory efforts by the US government against competitors it believes are trading unfairly. This could include markets served by the Canadian Wheat Board, or by European countries that have effectively shut out certain US crops through regulations concerning genetically modified organisms.

To read the entire report, entitled "The 2002 Farm Bill: Implications for Commodity Markets and Canada's Agri-Food Sector," visit www.georgemorris.org.

Targeted Drought Assistance Announced in Saskatchewan

The Saskatchewan government has announced a drought assistance package for grain and livestock producers. Although touted as a \$220 million initiative, there is only \$20 million in new funding.

Under the herd retention program, there will be a payment on breeding herd livestock (cows, horses, sheep and game animals). This payment will be \$25, \$17 or \$12 per breeding stock animal unit depending on the degree of drought. Drought determination will be made on a rural municipal basis using rainfall date for up until the end of July. There will also be a livestock drought loan program, offering \$50 per breeding stock animal unit in defined drought areas. Loans will be interest free in the first year.

For crop insurance customers whose crop has been appraised as uneconomical to harvest, producers will be allowed to graze or bale the crop and still have it considered as zero yield.

There will also be advance payments for Crop Insurance customers, allowing those in a claim position to access 50 percent of a project claim by calling their customer service office. Beginning August 6, producers may call toll free 1-877-874-5365 for more information. Producers can call their local Crop Insurance customer service office or head office in Melville (1-888-935-0000) for information on the Crop Insurance advance payments and the appraisal process on crops not economical to harvest.

Over Half of Alberta Crops Rated as Poor

Alberta Agriculture reports precipitation received in the central and northern areas of Alberta recently offered only a brief respite from the drought conditions and is considered too late and too little for annual crops. Persistent dryness, coupled with record high temperatures and grasshopper infestations, will have many Alberta producers ending the 2002 crop season early. Many crops are being grazed, plowed under or harvested for cattle feed in the central, northeast and northwest regions. Liquidation of cattle herds continues as producers in these areas can't find or afford forages and feed grains. Growth of pasture and tame hay has been limited due to lack of moisture. In addition, crops are beginning to deteriorate in the southern region due to lack of rainfall in the last month.

Provincially, cereals are rated 55 per cent as poor, 30 per cent as fair and 15 per cent as good, while canola is reported 60 per cent as poor, 35 per cent as fair and five per cent as good. Crops are generally late in development. The poor growth of pasture and tame hay continues to be a major concern. Provincially, tame hay is rated 65 per cent as poor, 17 per cent as fair and 18 per cent as good, while pasture is reported 75 per cent as poor, 15 per cent as fair and 10 per cent as good. Hay yields from the first cut are very low in the drought-stricken areas, but above average in the southern region. Quality of hay is generally good.

Alberta Agriculture reports that crop damage from grasshoppers is reported across Alberta, but mostly in the central, northeast and northwest regions. Other insect/disease problems are also reported.

Spring Wheat Stressed in the Red River Valley

A Red River Valley area producer had left on a three-day camping trip thinking his crop was in good shape only to find that rust, disease and heat stress changed the outlook, especially on wheat. Laverne Siemens said that the flag leaves on wheat turned white.

Manitoba Agriculture and Food Ag Rep Brian Jack at Altona, said that fields he checked had some rust, disease and heat stress that was bringing the crop on. "It's a combination of factors. I told one farmer it's simply maturing. No, he said, it's far too early," said Jack.

Archie Heinrichs, manager of the Agricore United Crop Protection facility at Plum Coulee agreed with Jack. "It's rust coming in, very strong, tan spot and gloom blotch are heavy. Disease is just taking over very fast and knocking the leaves back, making it look all brown and coming in for harvest very quickly," he said. "It's far too soon."

He said the progress of head and kernel development depends on the stage of the field and plant maturity. Every field is a little different. Some fields have been in the ground for a long time and they didn't seem to get going because it was so cold. There are many stages of crop development, even in the same field. "We'll see some fields turning ripe now with some really ripe spots and right beside it will be the various shades of green and brown. There is very little consistency out there. It's not a good scene out there," he adds.

Heinrichs and Siemens both said that the wheat had looked good just a couple of weeks ago. While most of diseases so far have hit the leaves, Heinrichs said that Fusarium is just starting to show up with the odd white kernel in some of the fields. He believes that shortly, the disease will change the white kernels to pink.