



I.D.E.A. Industry Update - July 12, 2002

European GMO Plan Unworkable Say US Farm Groups

U.S. grain sector officials say European plans to label foods that are gene-altered and require data tracking their movement from farm to dinner plate are unworkable and would lead to higher food costs.

The draft regulations, which require the approval of EU governments, are the latest step toward Europe reopening the process of approving the sale and production of new varieties of GM grains frozen by an unofficial moratorium since 1998.

U.S. industry officials, such as Tom Slunecka, director of development at the National Corn Growers Association, are more concerned with the "traceability" measure than labeling, as they contend it would require additional costs to implement in a sector where millions of tonnes of grain change hands each year. Slunecka says the "traceability" measure would require segregating crops into biotech and conventional varieties at U.S. farms, adding European consumers would bear the costs to keep the two apart.

Mary Kay Thatcher, director of public policy for the American Farm Bureau, says the EU buys \$6.3 billion worth of US agricultural commodities every year, such as corn, soybeans and cotton that are genetically modified.

Thatcher said the EU parliament's decision to reject labeling some foods, such as meat and eggs from animals fed with GM feed, demonstrates the regulation is "probably more of a trade barrier than an honest -to-goodness concern" over the safety of biotech foods.

Europe's planned rules come amid strong opposition from its environmental and consumer groups to genetically modified foods, which have questioned the long -term, unintended health and environmental impact of such bio -engineered crops.

Unlicenced Grain Costs Agricore United

The discovery of an unlicenced variety of wheat in shipments from the Agricore United grain terminal at Canora, Saskatchewan has cost the large grain handling company half a million dollars.

Earlier this spring, 48 rail cars of No. 1 Hard Red Spring Wheat were shipped from the Canora terminal to Montreal where they were inspected by the Canadian Grain Commission. Upon inspection it was found 44 of the cars contained amounts of Oxen, a U.S. Hard Red Spring variety not registered in Canada.

"They were all downgraded from No. 1. Forty-three went as Canada feed and one went as No. 3 Red Wheat. Unfortunately we took a sizable grade loss on those cars," explained Agricore United's Industry Liaison Officer, George Archibald.

As to how this problem could occur, Archibald points to the inability to visually distinguish between

502 - 45th Street West, Second Floor
Saskatoon, Saskatchewan
CANADA S7L 6H2

Tel: (306) 933-4904
Fax: (306) 244-4497
office@independentdealers.com

the Oxen variety and other hard red spring wheats.

"When it comes in, if it's mixed, it goes into the hard red spring wheat bins and that's what happened in this case. Even the Canadian Grain Commission didn't find it when they checked the loads going out."

It wasn't until a more sophisticated test called electrophoresis was done in Montreal that the Oxen wheat was discovered. Because more wheat shipments occurred during the 35-day period from when the cars left Canora and were tested in Montreal, Agricore United had to trace all their wheat shipments and perform the expensive grain test. In total 60 railcars were found to have some amount of the Oxen Wheat variety.

The problems which occurred at the Canora terminal adds more weight to the growing pressure of developing cost-effective technology to replace the current Kernal Visual Distinguishability test.

"If the farmers have unlicensed varieties, GMOs or any of these problems that aren't visually distinguishable, we need some type of equipment that is going to give us a result on the driveway to protect the farmer, ourselves and the Canadian reputation for delivering high quality wheat," Archibald declared.

Until that technology is available Archibald says they are going to require more from farmers delivering into the Canora terminal.

"Now we're doing a lock box sample where customers that deliver wheat do the same as those who deliver malt barley. We keep a sample of the shipment so if there is a problem we can advise the farmer as well as protect ourselves."

Archibald does not think the Oxen mixed in with the No. 1 Red Spring Wheat was a deliberate act.

"When you can't visually look at Hard Red Spring Wheat and Oxen and tell them apart, you can't very well prove that somebody knowingly misrepresented their Red Spring Wheat."

The Canadian Grain Commission along with the Canadian Wheat Board and Agricore United are going to be organizing a meeting for mid to late July with farmers in the Canora area to discuss the problems that occurred, and look at how shipments will be dealt with to insure the problem does not happen again.

Higher Canola and Lower Oat Prices Forecast

The Market Analysis Division of Agriculture and Agri-Food Canada has released new price outlooks for grain and oilseeds as well as the pulse and special crops. The new analysis uses the most recent seeded acreage report from Statistics Canada. Assumptions are made about yield and overall production as well as world supply and demand.

Both canola and flax prices are expected to be higher in the new crop year, while oats are expected to fall sharply. On wheat, durum and barley, the forecast mirrors the price predictions made by the Canadian Wheat Board in its last Pool Return Outlook.

On pulses and specialty crops, dry pea, mustard and canary seed prices are expected to drop in the new crop year, while lentils are expected to strengthen a bit.

On dry peas, the average price over all types is expected to average between 4 and 5 dollars a bushel in the upcoming crop year, down from an average of about 5 dollars in this crop year. The average price of mustard is expected to drop to the 19 to 20 cent a pound range, down from the 29 cent average seen in this crop year. Canary seed is expected to fall to around 18 cents, down from a 30 cent average.

Two years ago, peas were only 3.75 a bushel, while canary seed and mustard were in the 12 to 13 cent a pound range.

Meanwhile, new crop lentils are expected to see their best prices in several years - an average of 15 to 16 cents a pound over all grades and classes.

The full reports are available at <http://www.agr.gc.ca/policy/winn/biweekly/English/index2e.htm>.

Contribution to Pulse Field Lab

The Canada-Saskatchewan Agri-Food Innovation Fund has committed \$1.5 million towards the

development of a new pulse field lab. The AFIF contribution was announced during the field day at the Scott Experimental Farm by federal Public Works Minister Ralph Goodale and Saskatchewan Deputy Premier and Agriculture Minister Clay Serby.

The Saskatchewan Pulse Growers is spearheading the construction of a new \$10 million pulse field lab in Saskatoon. The lab is among 300 projects that the \$91 million AFIF program has supported since its inception in 1995. AFIF received two-thirds of its funding from the federal government and one-third from the province. The AFIF agreement ends in 2003.