



I.D.E.A. Industry Update - June 21, 2002

Farm Aid Package Explained

The much anticipated federal farm aid announcement is a disappointment for those producers expecting big government cheques in the mail.

The package announced by the Prime Minister with a great deal of fanfare from Ottawa includes \$5.2 billion over the next five to six years. With provincial cost sharing, this amount would grow to over \$8 billion.

However, most of this money is for the new Agriculture Policy Framework, which includes everything from enhanced farm safety net funding to food safety and environmental stewardship.

Direct cash assistance will come in so-called bridge funding — \$600 million a year over the next two years. With provincial funding added it, this would be \$1 billion in direct payments each year.

A number of provinces say they will cost share on elements of the Ag Policy Framework, but they will not participate on the direct payments to producers.

The provinces say this money should be for trade injury compensation - a federal responsibility. The federal government is not linking it to trade injury and say it must be cost shared.

How the money will be allocated between provinces and how it will be paid to producers has not been determined. The provinces and farm groups have been calling for \$1.3 billion a year in trade injury compensation, paid entirely by the federal government.

Report of Grain Monitor Released

The independent grain monitor's first annual report on Canada's grain handling and transportation system has been released by the federal government. According to Agriculture and Agri-Food Minister Lyle Vanclief, the report shows progress. "We have a more efficient and affordable system which will be of benefit to all producers of grain, oilseed and special crops in Western Canada," said Vanclief.

The government highlights the following points in the report:

- There was a reduction in the amount of time grain spends in the system from 71 days in 1999-00 to 67 days in 2000-01.
- The rail car cycle time was reduced from 19.7 days to 16.4 days.
- The report confirmed the trend in elevator rationalization, with a nearly 15 percent decline in the number of elevators. However, the drop in system storage was a more modest 4.1 percent.

The information provided by the independent grain monitor is supposed to be used to identify any problems or opportunities to improve the grain handling and transportation system. The report is available online at www.tc.gc.ca/pol/en/rail/default_e.htm.

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Agrimax Limited Acquires Assets of Fernz SulFer Works

Agrimax Limited and Nufarm Limited have announced that Agrimax has acquired the assets of Fernz SulFer works from Nufarm. The assets include the world class Irricana facility, completed in 1998 at a cost of over \$30-million. Agrimax sees great potential in the Irricana facility and intends to use this plant as the base for incorporating revolutionary new micronization technology developed by the Alberta Research Council. Agrimax plans to become the leader in the production of sulphur based agricultural products.

The purchase of the Fernz SulFer Works facility, according to Claude St-Martin, President of Agrimax, “will permit Agrimax to use an excellent facility to become the leader in the development and marketing of sulphur fertilizer products in Alberta, and eventually throughout the world. Watch us turn yellow into green in more ways than one!” says St-Martin.

Agrimax will continue to market and value-price SulFer 95. “In our background research, we found that SulFer 95 is the most efficient elemental sulphur fertilizer product currently available in the world,” says Neil Jorgensen, General Manager of Agrimax Limited. Agrimax will incorporate modifications to the existing SulFer 95 production process to improve plant efficiency and product handling characteristics.

In addition, Agrimax has obtained new sulphur micronization technology from Agrimax Corporation that will lead to new product innovation and enhance farmers’ abilities to grow crops more profitably. This new process will allow ‘custom-designed’ single-granule sulphur products for agricultural use. According to Dal Bryant, Vice-President of Agrimax Corporation, “in the near future the technology will allow us to transform elemental sulphur into ‘designer products’ that have the specific performance characteristics required to meet market demand.”

The SulFer Works plant will be modified with the introduction of the new technology. When the plant is re-commissioned, Jorgensen says that the plant will initially employ 12 people which will be expected to grow as production capacity increases.

Agrimax Limited is an emerging Canadian fertilizer company whose employees have a long-term history in the manufacturing, marketing, sales and distribution of fertilizer products. Located in Calgary, Alberta, Agrimax Limited is a sister company of Agrimax Corporation. Agrimax Corporation holds the patent on sulphur micronization and agglomeration obtained from the Alberta Research Council. Agrimax Limited and Agrimax Corporation are privately controlled Canadian entities. Nufarm Limited is a public listed Australian based company with core capabilities in chemical synthesis and manufacturing. It has production and marketing operations throughout Australia, New Zealand, Asia, Europe and North America.