



I.D.E.A. Industry Update - November 1, 2002

I.D.E.A. Fourth Annual General Meeting and Conference

Plans for the I.D.E.A. Fourth Annual General Meeting and Conference are well underway. Our format will be similar to last year, with a host reception just prior to the CAAR convention on February 10, 2003, followed by our Annual General Meeting and Conference on February 11, 2003. Mark your calendars and plan to attend. More details to follow shortly.

Farm Credit Canada Acquires Settler Computer Technologies

Farm Credit Canada has acquired Settler Computer Technologies, based in Regina. Settler produces AgExpert, which is considered the nation's leading agricultural management software.

"As a national organization, FCC has the resources to expand distribution of AgExpert software across Canada," says John Ryan, President and Chief Executive Officer of FCC. "Our plans are to include a French-language producer for French-speaking producers."

According to Rob Schmeichel, President and Chief Executive Officer of Settler, the company has achieved a dominant position in the Canadian market. "In order to realize our full potential, we needed a partner to help further develop our products and expand our distribution network," says Schmeichel.

Settler was founded in 1983 by a group of young Saskatchewan entrepreneurs. The company has 11,000 customers in every region of Canada except Quebec. The largest customer base is on the prairies.

AgExpert provides software tools, training and support, primarily in the areas of accounting and financial management, but also in production planning and analysis.

Seed Supplies Could be Tight

The Canadian Seed Growers Association has issued a news release saying drought conditions this year will have a significant impact on Certified seed supplies.

Lorne Hulme, president of the Manitoba branch of the CSGA is convinced this year's record drought will hit seed supplies hard and he's predicting tight supplies for 2003.

Observers say the supply issue will depend on crop type and acreage swings in the upcoming growing season. Some are predicting that cereals and field peas will be the hardest hit.

Producers are being urged to line up their seed supplies as soon as possible.

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CWB Trade Challenge Will Cost Millions

According to estimates by the Canadian Wheat Board, the latest U.S. trade challenge against imports of Canadian wheat and durum will cost Canadian farmers \$8 million to \$10 million to defend.

The U.S. Department of Commerce has announced that it will proceed with an investigation in response to anti-dumping, countervailing duty petitions filed by the North Dakota Wheat Commission (NDWC) on September 13.

The CWB says the challenge will cost Prairie farmers almost twice as much to defend as all nine previous U.S. investigations combined, due to the detailed nature of the investigation.

Sales of Canadian spring wheat and durum to the U.S. average about \$400 million a year, roughly 10 percent of CWB sales revenue.

The NDWC is demanding steep import duties on Canadian wheat and durum. The CWB rejects the allegations of dumping and other unfair trade practices.

Cash Advances May be Available for Late Crops

Farmers who don't get their crops off this fall could still be eligible for cash advances.

Edward Thomas, the Canadian Wheat Board's manager of farm accounts, said it's up to organizations that administer cash advances to ask the federal government to authorize payments under the emergency payment provisions of the Advance Payments Program Act.

Based on experience, he said, the government will say yes. He said the board will formally decide at the beginning of November whether to ask the government to authorize emergency advances.

Ernie Doerksen of the Canadian Canola Growers Association, which administers the advance payments program for non-board crops, said he has already talked to federal officials about the issue.

Normally, farmers must have crop in the bin to qualify for a cash advance, which is doled out based on the volume of grain harvested.

With much of the prairie crop still unharvested, some producer groups have raised concerns about how that might affect advance payments for board and non-board crops. They've also expressed concern about how unharvested grain might affect farmers who took out spring advances. They must be repaid by Dec. 31 or rolled over into the 2002-03 fall cash advance program.

While there is a precedent for emergency fall advances for unharvested grain, the question of how that will affect the relatively new spring advances hasn't been dealt with before. "We have identified to the government already that there will be an issue there for some farmers," Thomas said. "Normally most farmers can repay it by Dec. 31, but this year it is a potential issue."

Under the emergency advance provision, farmers with unharvested crop are eligible for an advance that is capped at either \$25,000 or half of the amount the farmer could have expected to receive if the grain was harvested, whichever is less. The latter is calculated by multiplying the number of unharvested acres times the estimated yield times the per tonne advance rate.

For a regular advance, a farmer can receive up to \$50,000 interest-free. The lower maximum for unharvested grain reflects the expectation of lower-quality grain left out over the winter.

Doerksen said his biggest concern is estimating what's in the field. "How do you figure out how much grain there is to be harvested and that it can be harvested in the spring and that it will be marketable?" he said. "With yields and quality so variable, how do we determine what it's going to look like in the spring?"

The emergency advance provision was last used in 1996.