



## **I.D.E.A. Industry Update - March 7, 2003**

### **Vanclief Tries to Sell the new Agriculture Policy Framework**

Agriculture Minister Lyle Vanclief is in the midst of a six day cross-Canada tour to promote the benefits of the new Agriculture Policy Framework.

In Montreal on Wednesday, he unveiled a new \$26 million Canadian Agriculture and Food International Program (CAFI) which will double the federal assistance for the trade promotion activities of the agriculture and food industries. This will include support to the Canadian International Grains Institute and other organizations working to raise awareness among foreign buyers.

The funding is part of the \$175 million in federal funding over six years announced in June of 2002 to support market development activities.

Vanclief will travel to western Canada next week to talk to a number of audiences about the various aspects of the APF (Ag Policy Framework). In Saskatchewan, his stops include a Chamber of Commerce breakfast meeting in Saskatoon and an appearance in front of SARM, the Saskatchewan Association of Rural Municipalities.

### **U.S. Imposes Duty on Canadian Wheat**

The U.S. Department of Commerce has imposed duties of 3.94 percent on all hard red spring and durum wheat exports to the U.S. The ruling is preliminary and requires the Canadian industry to post bonds equal to the 3.94 percent duty. Commerce will make another ruling in May on further charges that the Canadian Wheat Board dumped wheat into the U.S. at less than fair market value, meaning initial duties may end up considerably higher.

The Canadian Wheat Board (CWB) quotes figures compiled by the OECD that show government support for wheat production in the US totals \$108 a tonne, compared to \$31 a tonne in Canada.

The CWB sells an average of 1.5 million tonnes of wheat and durum worth \$360 to \$460 million into the US each year. This represents about 10 percent of total sales. Exports to the US will be below average this year due to the poor crop in 2002.

The Canadian Wheat Board has estimated it will cost \$10 million to fight the trade action.

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### **New Crop Price Predictions for Canola**

Charlie Pearson, a Market Analyst with Alberta Agriculture has developed price predictions for new crop canola. Pearson says harvest is beginning on a monster South American soybean crop. For the first time, South American production, led by Brazil and Argentina, will exceed the American production of soybeans.

There are, however, some positives in the oilseed market. China has been buying a lot more soybeans and soybean meal in recent years. And in the last couple of years, the world vegetable oil carryover has reduced.

Adding up the expected supply of palm oil, soybeans and canola and comparing that against the demand, Charlie Pearson believes there's a 60 percent chance that the new crop price of canola will end up somewhere between \$7 and \$8 a bushel. He believes there's a 20 percent chance of canola being above \$8 new crop.

Prices of \$7.50 to \$8 can currently be locked in for new crop canola delivery.

The price of canola in the current crop year has plummeted from over \$10 a bushel last fall, to \$8 or less last week.

### **Manitoba Corn Acreage Set to Expand**

Corn acres could rise significantly if the attendance at this year's Manitoba Corn Growers Association corn school is any indication. Over 150 farmers, many new growers looking to grow corn for the first time took in the agronomic and marketing information.

Great yields well over 100 bushels an acre in the last three years, good quality, and reasonable to high market prices have many producers enthused about growing more corn and others growing it for the first time.

Manitoba farmers planted 140,000 acres in 2002 and could surpass the 200,000 mark this year if the weather and market conditions are right.

Jim Pederson of Elm Creek, Manitoba has grown corn every year since 1972 and has seen the difficulties, and what successive years of corn borer damage and a killing frost can do a farmer.

"We've seen some good yields and we're riding on a high. That's why I caution growers because we're probably due for a little bit of a correction some time," he says.

New growers are talking about big acres in their first year, veteran growers want to plant more, and some of that corn will go into fringe land, as he calls it. He recalls how some corn growers got themselves into trouble in the mid-80. "We thought we could grow corn on every piece of land," he says.

### **I.D.E.A. Regional Meeting for Alberta Dealers**

Thursday, March 20, 2003, 9:30 a.m. to 4:00 p.m., Red Deer Lodge Hotel and Conference Centre, Red Deer, Alberta (4311 - 49th Avenue, Tel: 403.346.8841). Mark your calendars and plan to attend this important event. Agenda Details to follow shortly.