I.D.E.A. Industry Update - August 6, 2004

***Regional Meeting Preferences**

We would like to see if a regional meeting in Edmonton on Wednesday August 25 would work for I.D.E.A. members. The meeting would consist of a dinner and a evening at the horse races with plenty of time for discussion of industry issues. Please fill in the information below and send up back your responses by August 12 (by fax to 306-244-4497 or by email to office@independentdealers.com.)

Are you interested in attending a regional meeting in Edmonton, Alberta, on Wednesday August 25?

☐ Yes ☐ No

Name and Company: ____________________

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

The I.D.E.A. 6th Annual General Meeting and Conference will take place February 7-8, 2005, Winnipeg, SK, in conjunction with the CAAR Convention. Keep posted for details.

***Biggest Saskatchewan Crop in Years**

Saskatchewan Agriculture expects farmers in the province will harvest 26.9 million tonnes of grains, oilseeds and specialty crops. That would be 14 per cent above the ten year average of 23.5 million tonnes. Last year ended up below average at just over 20 million tonnes. Saskatchewan's biggest crops were in 1996, 1999 and 2000, when more than 28 million tonnes were produced. Saskatchewan Agriculture says the biggest concern to realizing yield expectations is delayed crop development. Crops are more susceptible than usual to an early frost. Above average yields are being predicted for spring wheat (31 bushels per acre), barley (50.8), canola (25.1) and field peas (32.1). Among the specialty crops, above average yields are expected for mustard (899 pounds per acre), lentils (1156) and canaryseed (1058). Harvest is just getting underway in some southern and west central areas. Statistics Canada's July production estimate for the whole country will be released on August 24.*(By Kevin Hursh; Reprinted in part from the AgExpert Express newsletter bypermission of AgExpert Management Software and Farm Credit Canada.)*

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Electricity From Plants? Syngenta Sees a Bright Future

Electricity may not exactly grow on trees. But thanks to a new initiative in the UK, it could increasingly grow in farmers' fields. Syngenta is teaming up with two partners there to help turn oilseed rape (OSR) into electricity. This is the first such large commercial project in Europe.

The idea has already proved it can work: When Germany rebuilt its Berlin parliament building after reunification, OSR was part of the energy plan. This abundant renewable fuel source is still keeping the Reichstag warm and well lit. There are other good examples in France.

The Syngenta venture with partner companies in the UK, however, aims to take this all a big step further. Like many nations, the UK is a signatory to the Kyoto Accords. These commit the country to cut one-fifth off carbon dioxide emissions by 2007. The Accords also require 3% to 5% of electricity to come from renewable sources by 2010.

Security concerns are another encouragement to shift the UK away from future dependence on vulnerable pipeline supplies of Russian gas, which is where "fuel-farming" comes in. Of the options available to UK agriculture, OSR currently seems the best.

Syngenta Royal is the highest seed yield hybrid on the market. It allows farmers to produce about 1800 litres of oil per hectare, and 400 hectares can help generate enough electricity for 1000 homes. That may not sound like very much. But the UK already has 600,000 hectares of OSR. The same area again is currently EU ''set aside'' – fallow land. Even the existing acreage could light one million homes. That would be 2% of the UK total, supplied year in, year out, from renewable sources. Better still, bioelectricity is CO2 emission-neutral. So power generation with OSR would make a double contribution to reaching Kyoto obligations.

Syngenta NK Seeds is now providing Royal to farmers with an OSR selling contract from the partnering electricity plant. Syngenta Crop Protection will support both parties with the best agronomic advice. By June 2005, the electricity plant should be ready to receive the first test deliveries. The second partner company will then buy the OSR power for its "green energy" customers.

If the trial goes well, several former UK collieries intend to buy OSR for their electricity-producing turbines. And thereafter? If the UK devoted all its ''set aside'' and half the existing OSR area to bioelectricity, the country would rapidly reach one of its major Kyoto targets.*(Source: Agnet)*

Agricore United Welcomes WTO Deal

Agricore United, one of Canada's leading agri-businesses, is welcoming the trade framework agreement reached by the World Trade Organization over the weekend.

"We believe the framework provides a good basis on which to substantially reduce the trade barriers and distortions that have been hurting prairie farmers for far too long," says Wayne Drul, Chair of Agricore United.

Drul says the elimination of export subsidies together with improvements in market access have the potential to significantly improve returns for Canadian grain, oilseed, pulse and livestock producers.

Agricore United is a member of the Canadian Agri-Food Trade Alliance (CAFTA). CAFTA represents producers, processors, and exporters of agriculture and agri-food products. The organization claims to account for over 80 per cent of Canada's agriculture and food exports, and more than 50% of farm cash receipts.

In its trade policy update issued August 3, CAFTA notes the next stage of negotiations will specify the actual disciplines that members will have to accept. In other words, how much tariffs will be cut, how deep the cuts will be on domestic support and how long it will take to eliminate export subsidies.*(By Kevin Hursh; Reprinted in part from the AgExpert Express newsletter bypermission of AgExpert Management Software and Farm Credit Canada.)*

******Canadian Wheat Board targeted by WTO***

The World Trade Organization (WTO) framework agreement for further negotiations reached over the weekend in Geneva specifically targets the Canadian Wheat Board.

The text says the following is to be eliminated: "Trade distorting practices with respect to exporting STEs (state trading enterprises) including eliminating export subsidies provided to or by them, government financing, and the underwriting of losses. The issue of future use of monopoly powers will be subject to further negotiations."

Ken Ritter, a farmer from near Kindersley, is the chair of the CWB's Board of Directors. He says the agreement would mean drastic changes in how the board operates.

The initial payments received by farmers at the time of delivery on wheat, durum and barley sold through the CWB are government guaranteed. Ritter says this government guarantee has only cost the public treasury once in the last 13 years. He says that $82 million shortfall is peanuts compared to the export subsidies and domestic subsidies employed by other countries.

Without a government guarantee on the initial payment, the CWB might have to develop a contingency fund in order to keep operating. It may be problematic to pay farmers until their grain is actually sold on the world market.

Ritter says the provisions on state trading enterprises were advanced by Canada's competitors in the world market, specifically the U.S., Europe and Australia. Other countries in the WTO did not offer support for Canada on the issue.

The federal government says it will continue to support the CWB in WTO negotiations. Agriculture Minister Andy Mitchell claims the agreement includes many positive elements for Canada's agriculture and agri-food sector, including the Canadian Wheat Board.

"Canada succeeded in ensuring protection of commercial confidentiality considerations, an important issue for the CWB," said Mitchell in a news release issued August 3. "As well, the final language of the framework agreement will have less impact on the CWB than previous drafts."

On August 4, the CWB issued a news release saying it would seek major financial compensation from the Canadian government for western Canadian farmers if government guarantees of initial payments and borrowings are eliminated as part of the next WTO deal.

Farmers and farm organizations have long been divided on the monopoly marketing powers of the CWB. While some see the WTO framework for negotiations as a threat, others would be happy to see the powers of the CWB curbed.

Although the end of 2005 is the time frame suggested for concluding a WTO agreement, observers believe that reaching a final deal among the 147 member nations may take substantially longer. If and when there is an agreement, the provisions are likely to be phased in over a period of many more years.

(By Kevin Hursh; Reprinted in part from the AgExpert Express newsletter bypermission of AgExpert Management Software and Farm Credit Canada.)