



I.D.E.A. Industry Update - January 25, 2005

*****I.D.E.A. Annual General Meeting and Conference: February 7-8, Winnipeg, MB**

The I.D.E.A. 6th Annual General Meeting and Conference is quickly. If you haven't registered, there's still time. Go to <http://www.independentdealers.com> or call 306-933-4094.

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*****Anhydrous Ammonia Applicator Tanks & Fertilizer Spreaders Exemption**

CAAR has re-negotiated an exemption for Saskatchewan's anhydrous ammonia applicator tanks and fertilizer spreaders, based on items in the Vehicle Regulations, 1987. The exemption is valid from January 1, 2005 to December 31, 2005. A letter from SGI must be placed in every vehicle towing applicator tanks or fertilizer spreaders. A copy of this letter is available by contacting CAAR at 204-989-9300.

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***** *United States Scrutiny of Canadian BSE***

Nine United States cattle producers from the National Cattlemen's Beef Association (NCBA) have arrived in Alberta to find out about BSE first hand. The NCBA is the largest organization representing America's cattle industry.

"While in Canada, we will seek to get a better understanding of Canadian cattle and beef production, including feed ban compliance, cattle inventory, border crossing procedures and ongoing BSE surveillance among others," said NCBA member Jamie Willrett in a media statement. Willrett is a cattle producer from Illinois.

The NCBA team will present its findings at the cattle industry's annual convention in February. They say no details will be provided prior to that time. The NCBA is considering its position on the U.S.

Department of Agriculture's rule to reopen the border to live cattle trade and a broader list of beef products.

Meanwhile, officials with the Canadian Food Inspection Agency are finalizing details of Canada's feed ban review. Officials from the U.S. Department of Agriculture are scheduled to arrive in Canada yesterday to begin their examination of the feed ban. *(Source: Kevin Hursh; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

******How Did BSE Happen in Canada?***

The agriculture industry continues its struggle to cope with the fallout of BSE and the question of how it all happened remains in the minds of most involved with the industry, including the Canadian Food Inspection Agency (CFIA).

CFIA spokesperson Alain Charette said investigators are asking that exact question. While some producers have wondered if BSE is a naturally occurring disease in cattle, the CFIA is looking outside the country as the original source of infection to North American cattle.

During the mid-1980s, the BSE outbreak in Britain and the United Kingdom was just beginning to take shape and Canada was still importing beef from Britain.

A lone case of BSE discovered in Canada in 1993 was clearly linked back to a cow imported from Britain a few years earlier, Charette said. The 1993 BSE case led the CFIA to investigate other animals imported from Britain at the same time. They were traced back and each tested negative for BSE. Others had already made their way to slaughter.

The CFIA now theorizes that perhaps it was one of those slaughtered cattle, or perhaps an animal from an earlier shipment, that brought BSE to North America. "A different cow from Britain might have been carrying it, might have been turned into feed and that is how the infection got into the system. That is the theory we have to work from," Charette said.

Meanwhile, the CFIA continues tracing the latest discoveries of BSE in Canada, Case 2 confirmed on January 2 and Case 3 confirmed January 11. Earlier this week, the CFIA said it had determined that two additional animals were exported to the United States from Case 2's birth cohort, for a total of six. American authorities have been notified. In addition, the CFIA stated it is pursuing multiple leads on the use, sale and production of feeds in relation to Case 3. However, the agency stated "it may not be possible to draw any definitive links between a particular feed and the origin of infection."

The CFIA is continuing its investigation into Case 3's most recently born offspring. Guidelines set out by the OIE, the World Organization for Animal Health recommends testing of offspring, in case of the "theoretical possibility" of maternal transmission, the CFIA explained. The investigations discovered that Case 3's offspring are no longer alive and that the two animals died of causes unrelated to BSE. *(Source: Allison Finnamore; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

*****Grain and Oilseed Price Outlook**

The market analysis division of Agriculture and Agri-Food Canada (AAFC) has released a world and Canadian outlook for grains and oilseeds in 2005-06. Barley and corn prices are expected to rise, while wheat, durum, flax and soybean prices are expected to decline. Stable prices are expected for canola and oats.

Although world wheat stocks are expected to rise only slightly, stocks in the five major exporting countries are forecast to rise by 8 per cent by the end of 2005-06. As a result, world wheat prices are expected to slip.

AAFC says Canadian Wheat Board pool returns for No. 1 CWRS wheat with 11.5 per cent protein are forecast to decline by 9 per cent (\$17 per tonne) from 2004-05 to \$170 per tonne in store Vancouver or St. Lawrence.

World durum prices are expected to decline only slightly in 2005-06, with the premium to common wheat rising. The CWB's durum pool return is expected to decline by \$2 per tonne to \$195 basis port position.

The AAFC forecasts off-board feed barley prices will average \$120 per tonne (I/S Lethbridge), \$10 per tonne higher than 2004-05, as a result of stronger domestic demand for feed and larger barley exports.

The pool return for Special Select Two-Row designated barley is projected to increase to \$185 per tonne from \$178 per tonne for 2004-05. The return for Special Select Six-Row designated barley is projected to increase to \$172 per tonne from \$162.

The average oat price in Western Canada is expected to remain unchanged from 2004-05 at \$130 per tonne.

The Chatham elevator corn price is forecast to average \$115 per tonne, \$10 higher than estimated for 2004-05. This is due to higher U.S. prices and despite a stronger Canadian dollar.

The area seeded to flax in Canada is expected to increase significantly in response to sharply higher prices in 2004-05. Prices are forecast to fall to \$340 per tonne in the new crop year, down from an average of \$525 in the current crop year.

For canola, seeded area is expected to decrease by 1 per cent due to low prices relative to wheat. Canola prices are forecast to remain unchanged at \$300 per tonne.

For soybeans, seeded area is forecast to increase to a record large 1.2 million hectares (nearly 3 million acres) due to better expected financial returns compared to wheat and lower input costs than for corn. Prices are expected to decline to \$205 per tonne I/S Chatham, from \$230 per tonne expected for 2004-05.

The drop is due to the expectation for lower U.S. soybean prices. *(Source: Kevin Hursh; Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*