
**Review of the Canada Grain Act and the Canadian Grain Commission
A Submission to
The House of Commons Standing Committee on Agriculture and Agri-Food
By
The Canadian Seed Trade Association
October 3, 2006**

Introduction

The Canadian Seed Trade Association (CSTA) welcomes the opportunity to make input to the Committee's study of the COMPAS review and recommendations around the Canada Grain Act and the Canadian Grain Commission.

Introducing the CSTA

CSTA's 143 member companies are engaged in all aspects of the seed industry - research, plant breeding, production and marketing - both domestically and internationally..

Membership ranges from those who market garden seed and herbs to large western grain handlers, and from small family-run, farm based businesses to large multinational corporations. Our members' seed products include about 50 principal crops, including: grains and oilseeds, special crops, forage and turf grasses, flowers, vegetables, fruits

The Canadian Seed Sector

The industry generates more than \$770 million in sales annually. In addition to the 4,000 growers, Canadian seed companies employ an estimated 9,600 Canadians. About 25% of the seed produced in Canada is exported to over 70 countries.

Every year, over 1.2 million acres of pedigreed seed crops are produced in Canada by over 4,000 experienced seed growers. The Canadian seed industry makes a very important contribution to the agriculture sector and to the economies of Canada and its provinces. The industry generates more than \$770 million in sales annually. In addition to the 4,000 growers, Canadian seed companies employ an estimated 9,600 Canadians

The seed industry also makes a strong contribution to Canada's export balance. About 25% of the seed produced in Canada is exported to over 70 countries. Exports of Canadian seed are valued at over \$188 million.

Innovation in the seed sector has and will continue to drive tremendous improvements in productivity and continues to be a critical tool to managing risks presented by weather, geography, environmental factors and pests. It also makes a vital contribution to wealth in the industry.

Agricultural production "starts with the seed. Innovation in the seed sector has driven tremendous improvements in productivity in the past, and continues to be a critical tool to managing risk and increasing benefits to farmers. For example, new crop varieties that are increasingly resistant to diseases and pests, increased drought and salinity tolerance and which make better use of nutrients are on the horizon.

Seed sector innovation also makes a vital contribution to wealth in agriculture and agri-food. Plant breeding has been improving food characteristics of crops for centuries, and we now have the technology required to deliver varieties that will meet changing demands of consumers, processors and others along the value chain, including industrial users, increasing returns to the entire agriculture and agri-food industry.

While we recognize the need for regulation to ensure health and safety and the quality of the environment, we believe that as the world changes, regulations and legislation must be continually reviewed and updated to reflect the changes and capture opportunity

The seed sector operates in a very highly regulated environment. Each stage, from research, through breeding, production and marketing is subjected to a vast array of international, national and provincial legislation and regulations.

While we recognize the need for regulation to ensure health and safety and the quality of the environment, we believe that as the world changes, regulations and legislation must be continually reviewed and updated to reflect the changes and capture the opportunities presented by both food, feed and non-food uses for Canadian grains and oilseeds.

We congratulate the Committee for its foresight in making the amendment to Bill C-40 in the last session of Parliament, that resulted in the requirement for an independent review of the Canada Grain Act and the Canadian Grain Commission. This recognition of the need to continually review and update regulations that affect the Canadian grain and oilseed industry is appreciated.

The COMPAS Report

CSTA's comments are limited to the Quality and Quantity Assurance section of the report, and within that, specifically to the recommendation around Kernel Visual Distinguishability (KVD)

Kernel Visual Distinguishability

The requirement for varieties to be visually distinct has and continues to prohibit the introduction of new and improved varieties of wheat. This is very clearly demonstrated by the differences in variety registration in western Canada, where KVD is a requirement for registration, vs. Ontario where it is not

Western winter wheat breeders have not had a new hard red winter wheat variety supported for registration for 5 years because the material is failing KVD requirements. In contrast, since the elimination of the KVD requirement in Ontario in 1989, the wheat industry has flourished.

While the report produced by COMPAS is very extensive, with a large number of recommendations, CSTA's comments are limited to the Quality and Quantity Assurance section of the report, and within that, specifically to the recommendation around Kernel Visual Distinguishability (KVD).

KVD continues to be used in western Canada to maintain uniformity of quality within and between shipments of wheat. It is a requirement for the registration of new varieties of wheat.

While CSTA recognizes the problems that could be created for the grain industry without an effective system of differentiation and segregation, we must point out that the KVD system does serve as a significant barrier to innovation. The requirement for varieties to be visually distinct has and continues to prohibit the introduction of new and improved varieties of wheat. This is very clearly demonstrated by the differences in variety registration in western Canada, where KVD is a requirement for registration, vs. Ontario where it is not.

In the words of a researcher and breeder member of CSTA, situated in western Canada: "Winter wheat breeders have not had a new hard red winter wheat variety supported for registration for 5 years because all their material is failing KVD requirements. Normally Canada Western Red Winter (CWRW) has a smaller (less plump) kernel than Canadian Western Red Spring (CWRS). However, in ideal growing conditions, red winter varieties tend to "plump up" and produce larger kernels so that they appear similar to CWRS. Hence, no new Winter wheat varieties in Western Canada in the past 5 yrs."¹

¹ Jim Downey, Manager, Western Research and Development, SeCan

In Ontario KVD was removed as a requirement for registration of red wheat classes in 1989. Since then, the Ontario wheat industry has flourished, with increased investment in seed research and development, grain handling and segregation and downstream processing.

Ontario farmers now have a choice of over 20 different varieties of red winter wheat which are commercially available. These varieties account for over 80% of the wheat acreage in the province. Few, if any of these varieties would be eligible for registration under KVD constraints.

The introduction of these new varieties has allowed the industry to focus on and meet the needs of domestic processors rather than relying on depressed export markets for “commodity-type” soft white winter wheat.

In addition, Ontario farmers are growing an increasing acreage of hard red spring wheat which displaces western wheat in Canadian and neighboring US flour mills. Over 15 different spring wheat varieties are now available, including several which are well adapted to western Canada, but not eligible for registration there.

As does the COMPAS report, CSTA acknowledges and welcomes the small step taken by the Canadian Grain Commission when it announced that it will end the KVD requirements for “minor wheat classes” effective August 1, 2008.² This is a first step in the right direction towards increased innovation in the Canadian wheat industry.

However, if Canadian wheat producers are to capture the opportunities presented by new food, feed and non-food uses, they are going to need to have access to the qualities presented by new varieties, which will most likely not be visually distinguishable from the major wheat classes.

It is critical that replacements for the KVD system, including the growing use of Identity Preserved (IP) systems be found in the very near future, to encourage the development and registration of the new varieties of wheat.

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Conclusion

CSTA appreciates the opportunity to provide its views to the House Standing Committee on Agriculture as it studies amendments to the Canadian Grain Act and the Canadian Grain Commission.

We look forward to continuing to work with Members of the Committee, and with our partners in the agricultural value chain, to develop a regulatory environment that will promote health and prosperity in Canadian agriculture and agri-food.

² Canada Western Red Winter (CWRW), Canada Prairie Spring Red (CPSR), Canada Western Soft White Spring (CWSWS), Canada Prairie Spring White (CPSW), Canada Western Extra Strong (CWES), Canada Western Hard White Spring (CWHWS).