



CANADIAN SEED TRADE ASSOCIATION

L'ASSOCIATION CANADIENNE DU COMMERCE DES SEMENCES

39 Robertson Road., Suite 505, Ottawa, Ontario K2H 8R2

Email: csta@cdnseed.org

<http://www.cdnseed.org>

Telephone (613) 829-9527

FAX (613)829-3530

Fostering Innovation and Quality in Canada Seed Industry Issues Notes Prepared for a Consultation with Minister Ritz March 5, 2009

- Canada's seed industry contributed \$3.95 billion to the Canadian economy in 2007 and employed over 14,000 Canadians in research and development; seed production; production processing support and sales and marketing
- The private seed sector invested over \$56 million in research and development in 2007 and plan to almost double that by 2012. Well over 90% of that investment in research and plant breeding will be in corn, soybeans and canola, where the regulatory environment is somewhat more flexible, and the use of certified seed is high.
- At this time, private sector research in cereals is expected to decline – the reasons: restrictive and prohibitive regulations and little or no ability to recover the costs to develop and introduce new cereal varieties.
- The removal of KVD as a condition for western wheat variety registration was a very positive move, and the Minister should be commended for this decision. This year, the first since the removal of KVD, a record number of new wheat varieties were submitted to the variety registration system. But much more needs to be done. Here are just a very few examples:
- For many crop kinds, the variety registration system is a barrier to the introduction of new varieties. Changes to the system to increase its ability to respond to the needs of farmers and end users have been “in the works” for decades, but no progress has been made.
 - While substantial progress is being made to clarify triggers for plants with novel traits, regulatory requirements for the approval of novel feeds delay the introduction of new, beneficial animal feeds.
 - Outdated labeling and seed tag regulations do not reflect improvements in printing and inventory technology
- The seed industry has a strong role to play in the post KVD environment. Canada's seed certification system is a proven quality assurance system that contributes to traceability. Supporting increased use of certified seed as part of identify preserved and quality assurance systems will help to strengthen Canada's reputation as a quality supplier to the world. The investment funded through increased sales of certified seed will help to ensure that Canada's agriculture can capture new opportunities
- While surveys indicate that the majority of farmers equate certified seed use with success, and recognize that the use of certified seed funds research and development, many are concerned with the short term costs of certified seed. To facilitate increased use of certified seed, the Canadian Seed Trade Association advocates a tax incentive for producers who purchase it.
 - The incentive concept allows farmers to inflate the cost of certified seed purchases by 55% when they declare expenses on income tax forms. The resulting reduction in tax payable off sets the cost of certified seed.

- The cost to the government in tax foregone if 50% of the seed planted in Canada was certified, would be \$89.5 million, but that is more than offset by increased producer returns.
 - The increased market returns from the introduction of just 8 recent varieties was more than \$170 million, and the increased tax revenue resulting from that was over \$60 million.
- Not only would the tax incentive result in increased investment in seed driven innovation and better quality assurance, it would ensure that all who benefit from new innovations, share in the cost.
 - Currently only the 30% of producers who buy certified seed carry the costs of all of the advancements made by the private sector including improved interaction with the environment; better, healthier oils and fats and disease fighting properties for consumers. All Canadians benefit from seed driven innovation, and all should share in the cost.