



# CANADIAN SEED TRADE ASSOCIATION

L'ASSOCIATION CANADIENNE DU COMMERCE DES SEMENCES

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## **Trends and Drivers for the Canadian Seed Trade Notes for CFIA's Workshop on Foresight**

**March 2, 2011**

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### **1. About the Canadian Seed Trade Association**

CSTA was founded in 1923, and now brings together 130 seed companies. With the exception of a very small contribution from Agriculture and Agri-Food Canada to facilitate international activities, our association is funded membership fees.

Our member companies are engaged in all aspects of seed – plant breeding and research; trait development; production; conditioning and packaging; marketing and trade. Together they are involved in seed of more than 50 principal crops – grains, oilseeds, special crops, forage and turf grasses, flowers, vegetables, and fruits

CSTA has a very diverse membership

- From small family run, farm based production and retail businesses to large multinational corporations
- From those who package and market garden seeds and herbs to large western grain handlers
- From producers and marketers of organic seed and products to the world's biotechnology giants

By number 2/3 of our membership by number is smaller operations, many of them forage and turf seed companies. They account for about ¼ of our revenue from membership fees. However, it is important to note that each member, no matter the size or financial commitment has one vote in the policy and strategy development process at the CSTA.

Our members are fierce competitors, but they are committed to and work very effectively together in pursuit of the common goals for the seed industry.

CSTA's mission is: To foster seed industry innovation and trade.

### **2. How We do Foresight and Scanning**

While we participate in international forums and external task forces and conferences, and subscribe to forecasting and policy publications, from which we obtain general information on national and international trends, the bulk of our foresight and direction comes from our membership. It is our membership that operates on a daily basis in the national and international market places and they are our best source of information.

This makes member engagement and communication a very important part of our Association's work. We facilitate that a number of ways:

- CSTA is very transparent and employs a large number of communication tools including:
  - regular (weekly) newsletters to the entire membership from CSTA's office, outlining developments, accomplishments and issues at the Association, national and international levels, and an alert system when immediate action is requested.
  - A website that is updated daily and includes an active members only section. Members can comment on issues and proposed policy direction and strategy through the website.

- The Association facilitates formal interaction of its members through Standing Committees of the Membership which meet twice a year. Participants recommend policy and strategies both in response to issues raised by staff and the Board, and also as dictated by their own experiences
  - Working Groups – tasked by the committees continue the work between committee meetings
- The final direction to staff is from our elected Board of Directors. The Board considers recommendations and proposals from the various member forums and finalizes CSTA's work plan. This occurs during regular board meetings, and in annual strategic planning sessions.
- At these sessions, the Board completes an environmental scan to identify characteristics, developments and trends in the national and international business and trade environments that will affect the operation of their businesses, and of their national association in the shorter and longer terms.
- That is followed by a review of the association's mission and vision to determine their relevance given the environmental scan. The Board then considers and establishes key strategic goals for the Association. Under each goal, the Board establishes measures of success. It's important that the success measures are realistic and contain real, measurable targets. (e.g. all forage crops will be moved to part III of the Variety Registration system by December, 2011)
- This year the environmental scan was a SWOT (Strengths, Weaknesses, Opportunities and Threats)

This is what was identified, and used to refine our key strategic priorities and measures of success:

### ***Opportunities***

- Growing world population means a growing demand for food and a growing demand for bio-based products
- A stronger focus by the government of Canada on liberalized trade – bilateral and regional trade negotiations
- Increasing government recognition of innovation as a solutions
- Fast paced scientific advances (e.g. a bulging technology pipeline)
- Generally higher commodity prices, which are expected to stay at higher levels through the next year.

### ***Threats***

- Cumbersome and restrictive regulatory approval systems operated by agencies that are underfunded and which are not service oriented, could delay the introduction of the new technologies in the pipeline and result in a redirection of investments to countries other than Canada
- A lack of clear knowledge and understanding of agriculture and food production, resulting in negative public perceptions of new technology and the structure of the seed sector (e.g. biotechnology, and mergers and acquisitions in the seed sector), and well funded organizations that make increasing the negative perceptions, their goals.
- Inconsistent approaches internationally to the regulation of technology (e.g. products of biotechnology and stacked traits)
- With an increasing number of trade agreements that reduce or eliminate tariffs, countries that are seeking control of markets are putting in place a growing number of non-tariff

barriers (e.g. phytosanitary requirements; zero tolerance for biotechnology, labelling and increased testing requirements)

- Increased focus of emerging economies on research and development, while the Canadian government is restructuring, reducing and re-focusing R and D funds and incentives
- A quickly approaching exodus (due to retirement etc.) of scientists and skilled HR from the seed industry, and an inadequate skilled talent pool to replace them.

***Things that are both an Opportunity and a Threat***

- Expiry of patents on technology (e.g. RR soybeans) - an opportunity for members that may wish to take up the technology and increase competition, but a threat to the Association trying to represent the entire industry
- The potential end of a “cheap food” mentality as we approach “peak food” – an opportunity because it could increase market opportunities for our farmer customers, and drive innovation, but a threat because we may not have the capacity to respond and investment could go elsewhere
- Increased demand from domestic and international markets for quality assurance systems that extend right back to the seed. A threat because we may not have capacity to provide the information, but an opportunity because the seed certification system is built on broadly supported international standards, and is a ready made quality assurance system and could help Canada to differentiate itself.

CSTA's key strategic priorities come out of this environmental scan.

1. Unrestricted trade of seed around the world
2. Increased, but complimentary investment by the public and private sector in plant innovation
3. Regulatory systems that continue to be based on sound science
4. A larger, skilled talent pool available to the seed industry
5. Increased recognition of and support for the value of agriculture and agricultural innovation

**3. Trends and Drivers**

I was asked to identify three trends or drivers that may impact our business in the next three to five years. Boiling everything down from all of our planning work is difficult, but I think the three biggest drivers are going to be:

1. The bulging innovation pipeline, and the addition of innovations that are “output” based – those that are designed for the end user – consumers. For example, traits that can contribute to health and wellness, and which are designed specifically for fuel or other bio-products. This will challenge current regulatory systems and the agencies that administer them.
2. Increasing challenges to science both domestically and internationally, which will likely result domestically in more pressure to inject non-science measures into regulatory systems, and internationally to escalating trade restrictions and bans; increased scrutiny of quality assurance systems; and testing. This will likely increase costs and put increased pressure on an already overburdened regulatory system.

3. Increased R and D and trait development in emerging economies particularly in Asia, which will result in a growing number of innovations that have not been subject to the kind of regulatory oversight we employ in Canada, and which could have a negative impact on trade, while at the same time challenging Canada and other more developed nations to be competitive.

That leaves me with the wild card. We try not to have wild cards. We want to be prepared for anything that might happen. My wild card builds on a known trend, but the wild part is if or how that trend will be addressed

Continued and perhaps accelerated consolidation in the seed industry and the negative perceptions of mergers and acquisitions. That's the trend. The wild card is that political leaders respond by attempting to "regulate" the size and structure of the Canadian seed industry.

#### **4 Where Foresight Has Worked**

For my example of where foresight has had a positive impact on our association, there are a bunch of them:

- About three years ago, our members warned us of a coming surge in seed corn exports and predicted tremendous pressure on the CFIA seed lab for sampling and seed testing services required for the issuance of export certificates. We were able to work with the CFIA to put in place, within a few months, a pilot project which became the permanent Authorized Exporter Program and trade was not seriously disrupted.
- Last year our members warned us of a move by some countries to require phytosanitary certificates for re-export. Once again CSTA was able to work with CFIA to put in place a temporary case-by-case system that will allow these certificates to be issued to facilitate trade, before trade was disrupted.
- But one that CSTA predicted well before I even started with the Association was the disruptions in trade that were going to be created by the asynchronous approvals of GM products internationally. The famous Bill Leask "Trouble with Thresholds" paper served as the foundation for the work that CSTA is spearheading internationally, and which we hope will be successful, to develop a low level presence policy for seed.

Thanks for listening. I look forward to the discussions.