

Flexible Variety Registration System: Proposed Process for Crop Specific Changes

Overview of Proposed Process for Crop Specific Changes

The Canadian Food Inspection Agency (CFIA) has proposed amendments to the *Seeds Regulations* (the Regulations) to create a flexible registration system by dividing the list of crops that require variety registration (Schedule III of the Regulations) into three parts with different levels of variety registration requirements. If the proposed flexible variety registration system is implemented, it is expected that a series of changes to registration requirements for individual crop kinds would be considered. For additional information on the proposed changes, please see the CFIA's Variety Registration webpage, found at: <http://www.inspection.gc.ca/english/corpaffr/newcom/2008/20080702e.shtml>.

Changes to crop placement

A regulatory amendment would be required for a specific crop kind to be moved from one part of Schedule III to another. Regulatory amendments to change a crop's placement in the Parts of Schedule III would proceed once the rationale for change and a requisite level of consensus across the crop value chain have been established.

Changes to merit requirements

The registration of varieties of crop kinds listed in Part I of Schedule III would require pre-registration testing, merit assessment and an application for registration submitted to the CFIA's Variety Registration Office. Changes in merit criteria for crop kinds in Part I may also be considered in the new flexible registration system. For example, it would be possible to change the merit criteria for a specific crop kind from an assessment of the quality, agronomy and disease reaction of candidate varieties to an assessment of quality attributes only. Changes of this nature will also require a rationale and a requisite level of crop sector consensus. However, a regulatory amendment would not be required for implementation.

Requirements for proceeding with changes:

i) Rationale for change

Stakeholders may submit a rationale for change that demonstrates the proposed benefits to stakeholders. The rationale should be based on an assessment of the impacts of the proposed change on the whole crop value chain. To assist individual crop sectors in the development of the rationale for change in registration requirements to the CFIA, the following draft document has been prepared: "Information Requirements for Impact Assessments of Changes in Variety Registration Requirements".

ii) Consensus for change

Along with a rationale for change, a requisite level of crop sector consensus will need to be demonstrated. The views and concerns of all stakeholder groups must be considered when proposing changes, such as the potential impact of the changes on variety developers, seed growers, producers, processors, end users, and exporters. It is recognized that consensus may not mean complete agreement of all individuals across the value chain.

Previously, the CFIA had proposed that formal Crop Specific Consultative Groups (CSCGs) would facilitate building consensus for changes to variety registration requirements for their crop kind. There are, however, a number of outstanding issues that need to be addressed before CSCGs can be established, including resourcing and formal recognition requirements.

Additional resources

An example of the benefit/cost analysis for changes in crop placement for potatoes, sunflowers, buckwheat and safflower is available on the CFIA website at: <http://www.inspection.gc.ca/english/reg/consultation/20191e.shtml>. Stakeholders are encouraged to provide similar information in their proposals for change.

The CFIA summary of comments on crop placement prepared in the fall of 2007: "Discussion Document on Crop Specific Registration Requirements in a Two-Tiered Registration System" will also provide background information on previous feedback regarding variety registration requirements. Please contact Cindy Pearson at pearsonc@inspection.gc.ca if you would like a copy of this document.

Next steps

The proposed changes would need to provide an overall benefit for that crop sector and contribute to an effective regulatory environment. Proposals for regulatory change must meet the rigour of the regulatory change process and gain Ministerial approval.

Changes in crop placement

Once the rationale and consensus for changes to crop placement in Schedule III have been established, the regulatory change process will be initiated. The proposed change in crop placement in Schedule III would be pre-published in *Canada Gazette*, Part I for a public comment period of 75 days. Comments would be reviewed and addressed and, barring any significant issues, the amendments would come into force when published in *Canada Gazette*, Part II.

The CFIA would establish an annual review process wherein regulatory changes to crop placement become a timely and predictable process.

Changes to merit requirements

For changes to merit criteria for a specific crop kind within Part I of Schedule III, no regulatory change is required. Once the CFIA has confirmed the rationale and requisite level of consensus, the recommending committee(s) for the crop kind would work with the CFIA to develop revised protocols for the assessment of varieties.

Information Requirements for Impact Assessments of Changes in Variety Registration Requirements

This document has been developed to explain the information that would be required to demonstrate the rationale for changing crop specific registration requirements (changes in crop placement within the three parts of Schedule III or changes in merit criteria within Part I of Schedule III).

This document is based on impacts to primary stakeholders in the crop specific value chain and is not restricted solely to economic impacts. This document is not prescriptive any and all criteria deemed important for the rationale should be considered, irrespective of whether it is included in this version of the document. The impact on additional stakeholder groups not specifically identified in this document should be considered.

The CFIA will conduct broad-based consultations regarding changes in crop specific registration requirements. Concurrently, the CFIA would be open to receiving information directly from stakeholders that explains rationale(s) for change. This information could be submitted by any stakeholder(s) such as (but not restricted to) a commodity association, seed company or recommending committee. However, it would be beneficial to have a wide range of stakeholder views included in the submission and to avoid the submission of multiple rationale(s) with differing conclusions. The submission should identify which stakeholder group views are represented and which stakeholders had input into the document. As much as possible, the information provided should include the complete value chain, or should specifically state which group/organization it represents.

Descriptions of the rationale for change will be considered a public document and may be used as a tool for consensus building where necessary.

This draft document is divided into six sections:

1. Crop industry profile.
2. Issue(s) to be addressed.
3. Proposed changes.
4. Impact assessment of proposed changes.
5. Rationale for change.
6. Consensus for change.

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1.0 Crop Industry Profile (Current Operating and Regulatory Environment)

A description of the current operating and regulatory environment for the crop.

This description of the current environment provides the baseline from which to measure the impacts of the proposed changes. The description should cover all of the important elements of the crop specific operating environment affected by variety registration. This section may include but is not restricted to the following items:

- Seed production acreage (historical average, trends?)
- Crop production acreage (historical average, trends?)
- Export markets (size, estimated value)
- Domestic market (size, estimated value)
- Pre-registration testing and merit assessment requirements
- Costs of pre-registration testing and merit assessment
- The amount and availability of post-registration variety performance testing data
- Typical seed sources (Certified seed? Hybrid crop? Imported vs. domestic source?)
- Variety development (Canadian or foreign? Public or private? Number of varieties developed per year?)
- Typical markets for the commodity crop (is much of the production driven by niche markets? is there significant amount of identity preserved production?)
- Number of varieties registered per year (available from CFIA on request)
- Any additional information that characterizes the crop

2.0 Issues to be addressed

A description of the issues that need to be addressed within the current variety registration system for the crop kind. Why is change required?

3.0 Proposed Changes

A description of the proposed changes.

For example, the removal of merit assessment and pre-registration testing requirements for crop kind 'x' by moving crop kind 'x' from Part I to Part III of Schedule III.

Or, another example of a change would be to change the merit criteria for a crop kind currently requiring "full merit" quality, agronomy and disease assessment to quality assessment only (pre-registration testing requirements for agronomic and disease factors).

4.0 Impact Assessment of Proposed Changes

A description of the impact of the proposed changes.

The following tables (Tables 4.1 - 4.5) have been developed to explain the types of considerations in an impact assessment of the benefits and costs of the proposed change. Each of the example aspects (in addition to any crop-specific aspects) would need to be considered to assess whether the proposed change will lead to benefits or costs.

The benefits and costs would be described in the example tables by:

- 1) Quantifying the expected impact (in terms of value (\$), number of varieties, etc.) and
- 2) Describing the impact in a qualitative statement.

A bulleted list of example aspects to consider when describing the impact of the change on each stakeholder group is provided after each table. These examples are not an exhaustive list own.

It is expected that numerical values for costs and sources for numerical data should be included to the maximum extent possible. In all cases it is important to avoid double counting costs/benefits in the rationale.

4.1 Impact of Proposed Changes on Crop Producers

A description of the anticipated benefits and costs for crop producers resulting from the proposed changes.

An example is provided on how to complete the table. See 4.1.1 for examples of aspects to consider.

Table 1: Impact on Crop Producers

How does the proposed change impact the following aspects of the sector?	Anticipated Benefits of change	Anticipated Costs of change
Maximize access to varieties intended for niche markets	<i>Changes in variety registration requirements may lead to quicker registration of an increased number of varieties. Producers may benefit by having an additional value added contracted crop opportunity whereby they would see an increase of xx% revenue per acre over the commodity crop.</i>	<i>Costs to producers may include: 1) increased seed cost due to mark up for high value niche market, 2) an increased risk in the investment in varieties with uncertain or limited market.</i>
< insert aspect considered > see examples in the following bulleted list	< insert your impact assessment >	< insert your impact assessment >
< insert aspect considered >		
< insert additional rows to describe all aspects considered >		

4.1.1 Examples of aspects to consider in the assessment of the impact of the change on crop producers.

- Maximize competitiveness through timely access to promising new varieties.
- Maximize developer and producer choice in the varieties they grow.
- Minimize risk and increase predictability of returns.
- Maximize access to higher yielding varieties.
- Maximize access to varieties that lower input costs (e.g., disease/ herbicide tolerant, stress tolerant).
- Maximize access to varieties intended for niche markets.
- Enable developers and producers to make decisions as to the value of a variety.
- Full information is available in order for producers to make decisions.
- Purchase seed based on reliable information on variety performance.
- Access to varieties with desired agronomic, disease and quality performance.
- Maintain export market confidence.
- Prevent fraudulent practices via the characterization and identification of varieties.
- Ensure an appropriate level of regulatory oversight that is commensurate with risk.
- <other>

4.2 Impact of Proposed Changes on Pedigreed Seed Growers

A description of the anticipated benefits and costs for pedigreed seed growers resulting from the proposed changes.

An example is provided on how to complete the table. See 4.2.1 for examples of aspects to consider.

Table 2: Impact on Pedigreed Seed Growers

How does the proposed change impact the following aspects of the sector?	Anticipated Benefits of change	Anticipated Costs of change
<p>To have faster access to or use of varieties that can increase per acre returns via lower input costs.</p>	<p><i>Changes in variety registration requirements may lead to quicker registration of an increased number of varieties based on new technologies. For example, seed growers may benefit from faster access to new technologies that may lead to decreased seed production costs (est. xx % cost reduction), higher margins or higher priced value-added varieties.</i></p>	<p><i>Seed growers may experience increased input costs in the source seed for planting (estimated increase of \$x.xx/kg).</i></p>
<p>< insert aspect considered > see examples in the following bulleted list</p>	<p>< insert your impact assessment ></p>	<p>< insert your impact assessment ></p>
<p>< insert aspect considered ></p>		
<p>< insert additional rows to describe all aspects considered ></p>		

4.2.1 Examples of aspects to consider in the assessment of the impacts of the change on pedigreed seed growers.

- Ensure competitiveness through timely access to promising new varieties.
- Minimize risk in choices of variety.
- Ability to effectively manage seed inventory.
- Reliable and early access to performance information to ensure they are multiplying seed for which there will be a market demand.
- Have access to complete information regarding varieties in order to make decisions.
- Maximize access to higher yielding varieties that can increase per acre returns.
- Maximize access to varieties that can increase per acre returns via lowered input costs (e.g. disease/herbicide tolerance).
- Maximize access to varieties intended for niche markets.
- Purchase seed based on reliable information on variety performance.
- Prevent fraudulent practices through regulatory oversight of the characterization and identification of varieties.
- Ensure an appropriate level of regulatory oversight that is commensurate with risk.
- <other>

4.3 Impact of Proposed Change on Variety Developers

A description of the anticipated benefits and costs for variety developers resulting from the proposed changes.

An example is provided on how to complete the table. See 4.3.1 for examples of aspects to consider.

Table 3: Impact of Proposed Change on Variety Developers

How does the proposed change impact the following aspects of the sector?	Anticipated Benefits of change	Anticipated Costs of change
Maximize access to varieties intended for niche markets	<i>Changes in variety registration requirements may lead to quicker registration of an increased number of varieties on new technology bases. For Variety developers this would mean reduced time to market by 1-2yr allowing faster delivery of technology: 1) to breeding industry – could respond more quickly to end user demand and competitive market forces, 2) to the crop industry – could increase competitiveness vs. competing crops (domestic and foreign),3) to variety developers – may have quicker access to high value markets; quicker value capture, reduced development times, lower cost product; product differentiation</i>	<i>More and varied products would make inventory control more complicated and potentially more costly due to losses.</i>
< insert aspect considered > see examples in the following bulleted list	< insert your impact assessment >	< insert your impact assessment>
< insert additional rows to describe all aspects considered >		

4.3.1 Examples of aspects to consider in the assessment of the impact of the change on Variety Developers

- Ensure competitiveness through timely access to promising new varieties.
- Development of varieties that will be accepted by seed buyers and meet market requirements.
- Optimize market positioning.
- Ensure competitiveness with international seed developers.
- Increased predictability of the eligibility of varieties for registration.
- Promotion of innovation via shortening product development cycles.
- Developers and producers are enabled to make decisions as to the value of a variety.
- Adequate information is generated to assess the market demand for a new variety.
- Minimize external costs associated with mandatory pre-registration variety trials and merit assessment.
- Maintain a reliable regulatory framework to ensure continued market confidence.
- Maximize access to niche or specialty markets.
- Ensure regulatory burden (time, cost, and requirements) is commensurate with risk.
- Have a clear understanding of variety registration regulatory requirements.
- Enable competition on a level playing field where fraudulent practices are prevented via regulatory oversight of the characterization and identification of varieties.
- Ensure an appropriate level of regulatory oversight commensurate with risk.
- <other>

4.4 Impact of Proposed Changes on End-Users

A description of the anticipated benefits and costs for end-users resulting from the proposed changes.

An example is provided on how to complete the table. See 4.4.1 for examples of aspects to consider.

Table 4: Impact on End Users

How does the proposed change impact the following aspects of the sector?	Anticipated Benefits of change	Anticipated Costs of change
<p>Ensure adequate and competitive access to niche market varieties to enhance market opportunities</p>	<p><i>Processors may benefit by varieties tailor-made to their specifications, such as characteristics that maximize profitability, estimated incremental value: \$x.xx/ton.</i></p> <p><i>Exporters may benefit as it provides a quick supply of material to access new markets (market expansion, growth) and a higher profitability over the conventional commodity business.</i></p>	<p>1) <i>Increased input costs for end user (i.e. processor.)</i> 2) <i>More rapid market cycling with increased costs due to product removals and replacements.</i></p>
<p>< insert aspect considered > see examples in the following bulleted list</p>	<p>< insert your impact assessment ></p>	<p>< insert your impact assessment></p>
<p>< insert aspect considered ></p>		
<p>< insert additional rows to describe all aspects considered ></p>		

4.4.1 Examples of aspects to consider in the assessment of the impact of the change on end users.

- Ensure competitiveness through timely access to promising new varieties.
- Accelerated increase in production volumes over time.
- Development of a dynamic, diverse and rapidly changing market to ensure competitiveness on a global scale.
- Ensure that grain purchased meets expected or required quality specifications.
- Ensure adequate and competitive access to varieties to enhance market opportunities (for example, varieties available for specific end uses such as bio-diesel).
- Maximize access to specific product attributes and specialty varieties (niche markets).
- Maintain consistency in crop volume and quality.
- Prevent fraudulent practices through the government oversight of the characterization and identification of varieties.
- Maintain market confidence in the regulatory framework.
- <other>

4.5 Impact of Proposed Change on Additional Stakeholders

A description of the anticipated benefits and costs for additional stakeholder group(s) resulting from the proposed changes.

Identify Stakeholder group(s): _____

For example, there may be impacts on specialty food processors.

Table 5: Impact on Additional Stakeholders

How does the proposed change impact the following aspects of the sector?	Anticipated Benefits of change	Anticipated Costs of change
< insert aspect considered >	< insert your impact assessment >	< insert your impact assessment >
< insert aspect considered >		
< insert aspect considered >		
< insert additional rows to describe all aspects considered >		

5.0 Rationale for change

A narrative summary as to why change is required stating overall net impacts and how the change would address issues within the current system.

6.0 Consensus for change

A description of the level of consensus and any areas of controversy that exists within the crop sector for the proposed changes. Indicate how and when stakeholders have been engaged in this process.