

Report prepared for Peace River Agricultural Development Fund

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Objectives:

The focus of this committee is:

1. Represent the BC Grain Producers on the Canadian Canola Growers Association board of Directors, and
2. To sit on the Canola Council of Canada's Crop Production Committee.
3. Represent the Canola industry on the Grain Grower's of Canada board of directors

Activities & Accomplishments:

Canadian Canola Grower's Association (CCGA).

The Prairie Drought has caused great hardship on all segments of Canada's Canola industry. Farmers have less canola to sell, 3.57 mmt vs. 6.9 mmt (5 year average), Crushers, Exporters and Seed companies have all had to scale back their operations and compete for the limited supplies of canola seed. On a long-term, sustainable, production level we need to produce 7mmt of canola seed.

This production level will ensure our customers (new and old) of oil and seed that we have the product they need. If we (all canola producing countries) continually short the market we will lose the customer (demand) base that we now enjoy. Additionally we will lose the industry revolving around canola – crushers, exporters, seed companies and manufacturing. Please do not read "over production" into any of these statements!

With this brief snapshot, I would like to review some of the activities that we have been involved in, in 2002 --- not all are directly a result of the 2002 conditions.

The BCGPA has always played an active role in the canola industry. Through our participation on the Canadian Canola Growers Association (CCGA) board of directors ~ our seat on the Canola Council of Canada's (CCC) Crop Production Committee (CPC), we have been able to keep our member's need known. The Canola Productions site in BC (Rolla) would not have been possible without our participation on these groups.

2002 has seen the profile of the BCGPA raised another level.

- Ross Ravelli elected President Canadian Canola Growers Association (CCGA) March
- Elected Director Canola Council of Canada – representing CCGA March
- Elected to Executive Grain Growers of Canada - November

I look forward to my new roles and hope, and expect to be able to bring some of our issues to a more national level.

Brief summary of issues: 2002

Canadian Canola Growers Association:

Colored Margarine Issue: Ontario's challenge to Quebec's Colored Margarine Act through the Agreement on Internal Trade (AIT). Quebec requires that margarine be coloured white. No other province has this requirement. This is clearly a form of trade barrier that is protecting the

dairy industry from competition of vegetable oil (mostly canola) margarines. CCGA along with Canadian Oilseed Processors Assoc. (COPA) requested that the 3 Prairie Provinces act as interveners to support Ontario's challenge to Quebec's Coloured Margarine Act, through this effort Manitoba, Saskatchewan and Alberta all signed on.

This issue has received national coverage. To this date Quebec has ignored all efforts to have this issue addressed fairly. Recently we have asked that western Canadian provinces enact regulation that all Quebec butter be coloured white if sold in western Canada --- good news coverage but no chance it will happen. We continue to try and have the AIT reworked so that it has some power to enforce its findings.

Bio-fuels -

Kyoto has helped to push the effort of seriously looking at more environmentally friendly fuels to the forefront. Canola and agriculture could and should be big winners of this initiative. CCGA, through its membership on the Canadian Renewable Fuels Association, want to ensure agriculture is forefront in politician's minds when regulations, acts or incentives are being discussed.

When you say Biodiesel in a group of farmers what do they think? Canola.

When you say Biodiesel to a politician from the East (say Liberal) they think animal by-products! Ethanol --- wood waste etc..

To be fair, there are farm groups that think Soya beans. We think canola!

We are currently investigating, along with CCC and COPA, how we may push this issue along on a more national level. The timing is right for a more concentrated effort from the canola industry.

Canada/Japan Consultations:

Twice each year, for the past 26 years the Canadian (government, Exporters) and Japanese canola industries meet to discuss canola related issues. Japan is our largest seed customer (1.8mmt 5 year average) and our most consistent. They are also a premium market.

The Summer meeting (Pre-consults) was held in Grande Prairie this year.

As you can imagine they were very worried about crop conditions and security of supply for the coming season. Price was not their major concern.

I had the privilege to represent Canadian farmers as the President of CCGA. I gave a 35 minute presentation outlining to date crop conditions and forecasts for the harvest (3.9mmt).

As the Peace is my home it gave me the opportunity to talk about the area, and to show them around. I organized morning hot air balloon rides over the canola fields and put together a tour and lunch at Loiselle Ranches Buffalo farm. Both were huge successes.

The winter meeting (Consults) is very formal. Held in Tokyo, this is the official Canada/Japan Canola Consultations. 20 Japanese delegates (Gov – Oil – Seed and Processor) and about 60 observers --- 9 Canadians (1 farmer).

The agenda covered the supply, demand, and quality for 2002 both from a Canadian side (what we have and what it's like) and a Japanese side (here's what we need, and here's what we have received).

We said we have enough canola (1.7 mmt) but not much more and that they will have to pay a higher price than last year. Their concern is that if they cannot meet their inelastic demand they would have to change to Soya oil, which they didn't want to do. That could mean lost canola sales for some time. This is not only due to the increased cost of plant changeovers but probably more to do with Marketing – canola oil is marketed as a premium – healthy oil, and demands a premium over some other oil products.

The Grain Handlers strike was another concern. However, it was made clear to them that alternative sites were available to ship canola, and that these facilities were already meeting Japans needs. I gave a presentation on " What effects the Canadian Farmers Decision to grow Canola". Evidently, according to my Japanese friends, this was one of the topics they were really interested in ---- go figure that one out!

The key points I thought were: We never meant to produce only 3.5 million tonnes, we seeded enough acres for 5mmt! Drought is still a serious issue, especially in Alberta. Canola is riskier than cereals to grow, costs are higher and for next year the net return per acre vs. other crop alternatives needs to favour canola (at the time it looked like Malt was way ahead and everyone else was second).

Given these thoughts I felt that Canada has a solid production base of 10 million acres of canola and that for farmers to grow more there would have to be strong market signals.

Canola Council of Canada (CCC) –

A diverse group representing Growers (3) Exporters (3), Crushers (3) and the Seed Trade (1). CCC derives its funding from a levy paid by Exporters and Crushers on each tonne they process or sell (seed).

With a smaller crop it meant significantly lower income to operate. Some serious steps needed to be taken.

Research projects and other programs were stopped, travel was cut, staff layoffs and a general tightening of the belt. \$1million had to be trimmed. And the effects are not only for 2002.

We are all aware to the Crop Production Centers (11), one being in Rolla, these have been a mainstay for canola production agronomic research. Time of swathing, early weed removal and fertility trials are but a few of the issues these sites have investigated.

All Crop Production Centers have been terminated!

Budget cuts had a significant role in this decision, but so did the view held by many that the sites were not achieving what they were meant to do --- increase individual producers canola yields.

This soul searching has led to a new focus. This new focus is Extension!

It is felt that we (canola groups) need to get the information out to farmers – through a variety of mediums – CCC agronomists – company agronomists – media news releases, on farm trials etc. It was generally felt that the necessary information is out there and that there is a need to compile it and get it out to farmers in a way that is best suited to them.

Another benefit to this is, I hope, will be to draw all the different canola interests together (Grain Co., Chemical Dealers, CCC and Government) to focus on what is best for the industry not on what's best for them individually.

I cannot say at this time what all this will mean for 2003, the details for the whole initiative are being worked on now. Rest assured that we are actively involved on your behalf.

The Canola Council with its diverse membership work on a multitude of projects on the behalf of the canola industry. Each player brings something different to the group and in that is their strength – we are a fortunate industry to have everyone at the same table.

Voluntary Labeling of GMO's, GMO regulations in China, International Trade issues and Trade Missions, Pesticide registration – these are just a few issues CCC is currently dealing with.

Grain Growers of Canada.

CCGA is one of the founding members of the GGC. I have only been a Director and Executive member since November 2002 so my comments will be brief --- GGC is a new group on the national scene, one fighting to find its place among the many. GGC has come a long way in a short time but is still facing an uphill battle. We do need a strong voice for grains, a strong voice for export commodities and a strong voice for change.

What I have seen so far leads me to believe GGC is best suited to serve our thoughts and needs.

ADDENDUM:

Since the BCGPA -AGM in Rolla there have been a number of meetings I have attended on behalf of the Canadian Canola Grower's Association. While I am representing CCGA officially it is also fair to say I am representing BC as well.

February CCGA board meeting:

- CCGA, representing the all-Canadian canola grower's, will be joining the Canadian Oilseed Processors Association (COPA) to form bio-diesel Canada (BDC). This grower, industry group will be mandated to forward the use of vegetable oils (Canola and Soya beans) as the preferred product to use in producing bio diesel fuels.
- BDC is asking the federal government to legislate the compulsory use of bio-diesel at 2% of fuel mixture. At this level significant environmental advantages will be realized, as well there will be an increased demand for 500,000 acres of canola.
- The Board has authorized the hiring of a full time Policy Researcher. This person will allow CCGA to become more effective and influential on issues facing canola. It is hoped this position will be filled by Mid Summer.

The Canada Food Guide is due for a major revision. COPA, CCC and CCGA will be working to ensure vegetable oils are recognized for their healthy qualities and become part of the recommended daily diet for all Canadians.

This is an issue with Dairy and other supply managed commodities.

Herbicide Tolerance Conference

The Canadian Wheat Board put this conference together with funding by a number of government programs.

Pollen Flow and Gene flow were discussed at length. There is no guarantee that out crossing will not occur. This has happen forever, and this has been highlighted by the recent concerns over purity of pedigree seed – which is not and never can be 100%. Even Breeder seed is contaminated to some degree.

It is important to note that certain crops, and certain varieties within that crop have varying degrees of pollen flow.

This is a real issue for organic producers – how do they isolate their products to ensure against pollen / gene drift?

With a zero tolerance in organic (or any other product that set this type standard), and being unable to guarantee even breeder seed is 100% true to type what if any; are the solutions?

Personally, I think the organics should realize 100% is unachievable in any of their products and if they set their industry up with a zero tolerance regime – they are asking for a wreck (philosophy and economics rarely coincide). They should set an achievable standard. They should also think about determining that Organic is how the crops are treated by the organic farmer (not by things out of his control), that is he never applies banned products and treats his crops in an organic manner. This type of regime would recognize the world we're in and would allow both organic and conventional farmers to co-exist in harmony.

Organics represent 1% of food production in Canada – should they be determining how the other 99% work and live?

It was obvious from the start that this meeting was really about the evils of Round Up Ready Wheat, as seen thru the eyes of the CWB – it's friends the Organic producers and the anti biotech, anti multi-nationals.

Biotechnology has been of great benefit to the Canola industry. It will play a significant role in our future as well.

It is vital that we maintain a regulatory system that allows, and rewards innovation.
83% of 2002 Canadian canola crops were GMO.

Canola Council of Canada.

Extension will be the new focus of the Crop Production Committee. Starting this spring farmers will begin to see and hear more timely information regarding canola production tips. Tips about seed germination, seedbed preparation, pest and weed issues will be but a few of the items to be addressed. The key to this new extension plan is to give producers relevant information at the right time, and example would be a diamond back moth alert for the Peace (not the same timing as in Sask). Time will tell how successful this will be.

CCC will and has been hosting a large number of foreign delegations, promoting the use and qualities of canola. We will also be traveling to the Far East and Middle East to host meal and feed seminars to help these countries better utilize canola oil and meal.

As a member to the General Standards Board the CCC has been actively working to ensure that an acceptable and voluntary labeling system is put in place, one that is not negative to our industry but one that gives the consumer the information they need to make smart, healthy choices.

While this process has been held up for a few months it is expected that a favorable result is near.

Reduction of trade barriers and reduction in trade tariff is an ongoing and significant hurdle to the expansion of canola, oil and meal throughout the world. CCC is continually working to eliminate tariffs (oil vs. meal or soy vs. canola) or reduce the inequities between products.

While 2002 was a trying year for everyone in the canola industry it has been a year that saw the industry players pull together to weather the storm. We will be a stronger industry because of it.

Submitted by
Ross Ravelli
Canola Liaison Chair

Extension & Demonstration:

Great Web Site: [www. BCGRAIN.com](http://www.BCGRAIN.com)

This is a site that has it all. This is a great start page for local farmers – it is also a great page for canola information – Canola Council of Canada and Grow Canola are but a couple of great sites to check out. At present BCGRAIN.COM is receiving 100 hits a day.

Canola Liason: Meeting / Travel Report April 2002 to March 2003

June

Japan \ Canada Pre Consultations – Grande Prairie
CCC Board of Directors Summer Meeting – Grande Prairie
Grain Growers of Canada (GGC) Summer Meeting – PEI
CCGA Board of Directors Meeting – Hamilton
CCC Crop Production Committee (CPC) meeting – Hamilton

November

CCC Market Utilization Committee Meeting – Winnipeg
Canola Leaders Strategic Planning conference – Winnipeg
CPC Meeting – Winnipeg
CCGA Board of Directors Meeting – Winnipeg
Grain Growers of Canada Annual General Meeting – Ottawa
Canada Grains Council – GGC Symposium – Ottawa

December

- Japan \ Canada Canola Consultations – Tokyo

January 2003

- - Canadian Farm Business Management Councils Managing Excellence in Agriculture 2003
Conference – Winnipeg

February

- Canadian Canola Growers Association Board Meeting - Winnipeg

March

Canola Council of Canada Spring Board Meeting – Ottawa
Canola Council of Canada AGM – Ottawa
Canadian Canola Growers Association AGM – Ottawa
Herbicide Tolerance Conference – Saskatoon
Canada Grains Council AGM - Winnipeg

Finances:	Budget	Actual
Income	\$9,804.00	\$4,705.61
Expenses	\$9,804.00	\$4,705.61

Note: Finances as per attached project summary