

# WILD ROSE



# NEWS

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## PRESIDENT'S REPORT

**H**ello again from the Bashaw area. Monica and I are looking forward to the second major change in our lifestyle in the past year. We are pleased to announce the arrival of our first grandson on October 15<sup>th</sup>. He looks just like Grandpa – a bit of hair and no teeth (just joking).

The season is winding down in central Alberta with the majority of crops in the bin and farmers beginning to get the land ready for next year. Crops in this area were a little above average and quality the highest in recent memory. Fifty-five to 58 pound barley was very common, so it should be easy to market as feed. Unfortunately, prices are still in the doldrums, with not much relief in sight.

I am sure you all noticed, in the press, that it has not been a quiet summer for our organization. Our activities, some of which have been quite expensive, have not resulted in a better financial situation for our organization.

We formed an “alliance” with Keystone Agricultural Producers,

Agricore, and Saskatchewan Wheat Pool to get some financial relief for the prairie grain producers. It was obvious to us all that the federal government was not getting the message as to how severe the income crisis is on the prairies. This is due in part to “averaging” incomes in agriculture. The strong cattle prices, crop insurance and disaster money being considered income, plus the fact that supply-managed commodities are doing well, has increased the average, on which the

government sets their policies. The four organizations requested a meeting with the Prime Minister in early September. He referred our request to the Minister of Agriculture

Lyle Vanclief. This meeting took place September 27<sup>th</sup>. Vanclief did admit AIDA, FIDP or NISA were inadequate for a long-term disaster such as low grain prices. With the AIDA and FIDP formula being 70% of the last 3 year average, obviously 70% of nothing is still nothing. The government is looking for a method to deliver money to efficient producers, while not keeping inefficient ones in business when they shouldn't be. We had many suggestions on how to reduce

**“... it was obvious to us all that the federal government was not getting the message as to how severe the income crisis is on the prairies.”**

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## PRESIDENT'S REPORT – CONT'D.

input costs, but few on new programs. Mr. Vanclief made it very clear to us that a per acre payment was not going to happen.

The above meeting exemplified the greatest frustration I have as your President. The short notice plane ticket to Ottawa was \$2700. A few key comments such as the ones we made could result in thousands of dollars coming to Alberta grain farmers, yet the impact to the Wild Rose budget was very negative. Don't you think this is proof of our need for assured funding, so all the beneficiaries of our work help pay for it?

We also aligned ourselves with KAP and SARM to issue a producer position paper on the Kroeger committee findings. The Manitoba and Saskatchewan governments endorsed our position, but unfortunately the Alberta government would not come on side. With the obvious cash crisis at hand, plus the fact that transportation accounts for 25-40% of grain producer's input costs, this is definitely NOT the time to add more costs to grain handling and transportation. We have sent letters to commodity groups and other organizations asking endorsement of our paper which will hopefully strengthen our position with the government who will make the final decisions. The railways reportedly have 50 people working in public relations with a large number of these in Ottawa. Farm

groups meanwhile seek to justify a \$2,700.00 ticket to Ottawa to spend at most two hours lobbying a Minister. This is why they say "This is Canada where the Mounties always get their man and the railways always get their way"!

Our Wild Rose board is meeting November 1 and 2 which will be the first "in person" meeting in four months. The first day will be spent in planning, so if you have any ideas please contact your nearest board members, who, I am sure will value your input.

We were recently honored to have been chosen by the Energy Utilities Board to participate in a steering committee to develop an alternative dispute resolution (ADR) process. This ADR will hopefully reduce time, expense, and stress when landowners and energy and resource companies cannot reach an agreement. Our opinion on process is obviously different from that of the industry people at the table, but I am confident we will have developed a workable solution by the end of February.

Good luck in your marketing efforts in the coming months.

**Alan Holt**  
**President**

# BIOTECHNOLOGY: CHANGING THE FACE OF WHEAT DEVELOPMENT

(PUBLISHED WITH PERMISSION OF MERISTEM INFORMATION RESOURCES LTD.)

New techniques could revolutionize wheat breeding, but public concerns could slow the pace of bringing biotech innovations to the market.

About the same time Canadian wheat breeding programs began exploring the potential of new biotechnology techniques such as genetic engineering, in Europe a debate was raging on the safety of genetically modified organisms (GMOs) in food. Since then, several British supermarkets have announced they will not sell GMO food, potentially leaving biotech crops such as some Canadian canolas shut out of that influential market.

Several biotechnology techniques are becoming more common in wheat breeding to improve the speed and accuracy of selection. However, today biotechnology is most commonly associated with genetic engineering – generally defined as directly inserting or removing genes, as opposed to using traditional breeding and selection techniques. And genetic engineering has yet to have much impact in Canadian wheat breeding.

Researchers are exploring the potential but market concerns surrounding GMOs are expected to influence breeding and marketing strategies.

## Moving Toward Genetic Engineering

The main hurdle for genetic engineering in wheat is that the complex genetic structure of the crop makes it difficult for researchers to manipulate.

“There’s still so much we don’t know about the genetics of wheat and the procedures for doing a lot of these manipulations are still under development,” says SPARC durum breeder Dr. John Clarke. “Improvements are being made, but we’re far from the point of shooting in genes at will; it takes a while to develop these technologies and the procedures require a lot of long-term background work in identifying, sequencing and cloning the genes you want to put in.”

Because it is difficult to work with, the impact of genetic engineering on wheat development is likely to be less extensive than it was with canola, says CDC breeder Dr. Pierre Hucl. “I don’t see the same model. Obviously right now wheat is not a very high value per acre crop relative to canola, so the incentive isn’t the same, and developments are likely to come at a much slower pace.”

However, key developments such as genetically

modified herbicide tolerant varieties could signal a greater shift toward genetic engineering.

## Consumer Backlash to Genetic Modification

With future wheat varieties expected to be developed using genetic engineering, consumer acceptance of GMO products is a looming question. As evidenced by the canola example, key markets such as Europe appear reluctant to accept genetically modified organisms, and it’s difficult to predict if or when that will change.

While wheat is unlikely to lead the debate on the issue, it may get caught in the public relations climate created by other higher profile biotech crops.

Some say Canada needs to prepare to potential market challenges. One option is to adopt identity-preserved (IP) systems that segregate GM wheat from non-GM wheat, allowing for catering to different market preferences.

## Genetic Ownership

Today’s farmers are not just planting seed, they’re planting technology. The growing number of patents on genetics and breeding tools raises new issues concerning competition, innovation and control. Stronger legislation to pro-

tect intellectual property has opened the door to the ownership of crop genetics and the biotechnology tools used to manipulate them. Ownership through patents makes it easier to recoup the investment in plant breeding. As a result, more private breeders are showing interest in wheat.

Unlike the U.S., Canada does not allow plants or other life forms to be patented. However, Canada’s Plant Breeder’s Rights legislation allows private companies and others to enforce royalty collection. Canada allows “investors” to patent novel genes they have sequenced, thus controlling the commercialization of varieties containing that gene or the trait controlled by that gene.

## The Race for Patents

While not as common as in higher tech crops such as soybeans and canola, patents on the genetics for wheat are expected to increase as different breeding institutions compete for material to use in their programs.

Many feel this race for patents is fine as long as there is enough competition to stimulate innovation and maintain consumer choice. However, if one or a few breeding institutions becomes too dominant, the balance could spiral out of order.

Large multinationals may have the best resources to aggressively pursue patents, but public institutions are also stepping up their effort. AAFC has announced that \$17 million will be invested over the next three years to sequence functional genes in wheat, canola, corn and soybeans. And a complementary program is also being planned by the National Research Council's Plant Biotechnology Institute.

### **Impact on Innovation**

Already, patents on genetic materials are beginning to

restrict researcher access to biotechnology options and that problem is expected to spread into wheat genetics.

For example, in the development of transgenic varieties, the so-called "gene gun" used to shoot genes into a plant is patented, as are most other genetic engineering tools with potential for wheat.

"The patents on genetic techniques usually don't prevent us from using them," says SPARC durum breeder Dr. John Clarke. "But if that use results in a commercial vari-

ety, the patent holder is going to want some royalties, so you have to consider whether you can afford that."

### **Partnership Options**

One system to get around those patent roadblocks, is to partner with the patent holder. For example, the Cereal Research Centre has an agreement with Monsanto to develop Round-Up Ready wheat. In part, the CRC chose to work with Monsanto so it would have access to Monsanto-patented technology for use in its new cereal transformation

program.

"Some of our biotechnology work will be constrained by intellectual property rights, because there are patents on the transformation process, there are patents on the gene gun; there are patents on a lot of things," says Jim Bole, CRC Director. "That's why we feel we're wise to work with the multinationals like Monsanto that control this intellectual property, or other companies that can give us the freedom to operate to allow us to use biotechnology".

## **WILD ROSE AGRICULTURAL PRODUCERS**

### **4TH ANNUAL CONVENTION**

**JANUARY 13 & 14, 2000**

**RED DEER LODGE, RED DEER, ALBERTA**

### **"AGRICULTURES' NEW HORIZONS"**

**DAY 1- SEMINAR TOPICS INCLUDE:  
GRAIN HANDLING AND TRANSPORTATION REFORM  
BIOTECHNOLOGY AND BIODIVERSITY  
THE MEDIA AND AGRICULTURE  
THE FARM INCOME CRISIS  
LAND STEWARDSHIP AND CONSERVATION  
THE ROLE OF A GENERAL FARM ORGANIZATION**

**DAY 2 – WILD ROSE AGRICULTURAL PRODUCERS AGM**

# CFA SEMI-ANNUAL MEETING – JULY 28-30, 1999

BY TERRY LEE DEGENHARDT

The semi-annual meeting of CFA was held in Newfoundland, a province with 750 farmers, lots of rock, trees, bog and partridge berries. NFLD agriculture is looking at establishing commercial cranberry production to take advantage of their abundant bog land. If bog is the essential ingredient, cranberries should soon be rolling out of NFLD.

At the meeting there were concerns raised from all parts of Canada on the low level of farm returns. Farmers love farming, but there comes a point when love isn't enough, and it sounds as though farmers may be about at that point. CFA agreed to:

- ⇒ express its serious concern about the income situation in agriculture and the impact on the rural economy in general;
- ⇒ demand that changes be made to NISA and to AIDA to permit more effective use of the programs to deal with the present situation, and in the long term;
- ⇒ demand that the federal and provincial governments make stronger efforts to support Canadian farmers in Canada/U.S. border disputes;
- ⇒ demand that the federal and provincial governments take a firm stand at the WTO negotiations against export subsidies;
- ⇒ demand that federal and provincial governments be prepared to support equity in domestic support for Canadian farmers until the time that trade negotiations improve domestic prices;
- ⇒ demand that Ministers of Agriculture join farm leaders at a summit on the future of the agricultural industry in Canada to be held in conjunction with the Agriculture Ministers meeting in November;
- ⇒ declare the CFA 2000 Annual Meeting theme to be "The Face of Agriculture in Canada".

The strong language in the above resolution seems warranted. Agriculture Canada presented farm income projections for the next few years, and although some sectors are doing O.K., the forecast low grain prices will have such an impact on the prairies that it results in negative margins for Canadian farms. The dismal forecast was in spite of talk of trade liberalization. If you share the concerns about low farm returns, tell your story – to politicians and consumers, not just your neighbor.

The Kroeger Committee continues to raise concerns about

where the cost of transportation is headed, and the political process around changes in regulation. There is a real concern that it might be a good time to buy shares in the railroads.

On the communications level, CFA is working with organizations to notify the local media when president Bob Friesen is in the area and available for press interviews. Bob presents a forceful pitch for agriculture, and does it with persistence and dignity.

## Committee Meetings

The Safety Nets committee talked about strategies and approaches to use to ensure that governments do not back away from maintaining safety net support, at least at the level they now are. Knowing the facts, presenting them, and insisting on being heard are important.

## Environment/Science

CFA continues to follow the issue of toxic particulate matter smaller than 10 microns in size that is thought to be caused by agriculture activity. CFA is questioning the involvement of stakeholders, the supporting scientific evidence, mitigative practices and their relationship to other environmental issues, and the process from this point onward.

The BioSafety Protocol, greenhouse gas and potential mitigative options, climate change and emissions trading continue under discussion.

Some of the funding available through CARD (Canadian Adaptation and Rural Development) will be available for an environmental component. The major environmental issues identified by CARD are:

- ⇒ The maintenance of both ground and surface water at acceptable levels in relation to agricultural chemicals and nutrients from manure and fertilizers. While pesticide levels are within "safe" limits for many regions, expected increases in livestock could cause issues with respect to nutrient loading.
- ⇒ Protecting endangered species and their habitat, and addressing crop damage from over-abundant wild species. The federal government has made species at risk a particular priority and legislation is pending in this area.
- ⇒ Meeting Canada's commitments with respect to the reduction of greenhouse gases and its impact on management practices in relation to livestock feeding, manure handling,

*(Continued on page 6)*

(Continued from page 5)

fertilizer application and machinery use.

marginal land.

- Improving soil health through attention to erosion, organic content, compaction and salinization. While reduced tillage and decreased summer fallow have resulted in improvements in this area, there remains the need to continue adoption of conservation practices in areas of

\$60 million is allocated to CARD in total, and of that, \$24 million is allocated to environmental projects based on the above priorities.

## FARMERS ADVOCATE SAYS ALBERTA NEEDS A STRONGER GFO

BY NEIL WAGSTAFF

Alberta's Farmers Advocate, Dean Lien, has been recently speaking out regarding the need for a strong general farm organization. He was recently quoted in the Western Producer as saying, "We need an organization that can stand up and represent rural Alberta."

I would suggest that Mr. Lien is under estimating the current strength of Wild Rose Agricultural Producers. During the past year, Wild Rose has done a lot of very important work on behalf of all farmers in Alberta. For example, Wild Rose has undertaken a number of initiatives regarding the current farm income situation, has been a leader with the Kroeger Grain Transportation Review, and was the only farm organization in Alberta that hosted CWB election forums in all districts.

What is needed to strengthen Wild Rose as Alberta's general farm organization?

- ♦ More members – improved recognition by government.
- ♦ More members – improved financial resources.
- ♦ More members – improved human resources.

The membership of Wild Rose is very widespread and diverse, both by geography and by commodity. Nearly every community in Alberta has a Wild Rose member! Nearly every agricultural commodity that you can imagine has a producer who is a Wild Rose member. This is the strong base from which Wild Rose has operated with credibility.

Unfortunately, Wild Rose is sometimes dis-

missed as only representing a small portion of the farmers in Alberta.

Greater financial resources would allow Wild Rose to increase its activities on a number of issues, undertake more research and policy development, and improve communications with members. Unfortunately, on more than one occasion, the executive has had to decide not to attend meetings with officials who have influence over farmer policy decisions, because of expensive travel costs and financial limitations.

Wild Rose has operated very effectively on a restricted and limited budget. It has operated in a very frugal manner in a small office with 2 staff and with the help from a number of dedicated regional directors and board members. Unfortunately, there have been occasions when Wild Rose has been asked to provide representation, but has been unable to find a member to take on the task.

The lack of financial resources to support a member's travel and expenses has sometimes also curtailed our involvement. More members will also create a larger and more diverse pool of talent and interests to draw upon for future involvement.

Many government decisions that affect Alberta farmers occur at the federal level. An Alberta voice in federal lobby activities is extremely important. However, being active in Ottawa can be very costly. For the past year, Wild Rose has

had a special associate membership in the Canadian Federation of Agriculture (CFA). This has allowed Wild Rose to have an effective influence in Ottawa. Wild Rose should have a full membership in CFA, which would be more expensive than what is currently paid.

Wild Rose depends on membership for a large portion of its finances and the only way financial resources can be improved is to have more members. If Wild Rose is to continue to be a strong general farmer organization, membership must be expanded for credibility and financial reasons.

I believe that Wild Rose cannot continue to effectively operate for more than 2 or 3 years with the same membership base as we presently have. Current supporters of Wild Rose can no longer continue to be complacent when it comes to recruiting new members.

If Wild Rose is to become the strong farm organization that the Farmers' Advocate has been talking about, then each existing member needs to take some responsibility towards expanding the current membership.

I ask each existing member to make a pledge to recruit at least one new member in the next two months.



# **CFA BOARD AND COMMITTEE MEETINGS**

## **OCTOBER 12-13, 1999**

**BY TERRY LEE DEGENHARDT, WESTERN WOMEN'S REPRESENTATIVE**

The CFA Board had the pleasure of meeting Judith Moses, the new Assistant Deputy Minister of Agriculture. Doug Hedley, who has, until last week been acting in this position, continues to play a key role in assisting Ms. Moses, she reported. Ms. Moses came originally from an Ontario dairy farm, but has worked for 20 years in various federal government departments, including foreign affairs, export finance, and human resources. She has experience in how to get things done. She is open to listening to the farm voice, stating that she "hopes to be invited out to see each of you". In answer to a question regarding her vision for agriculture, she responded that her job is to carry out policy, not set policy, asking instead where CFA wants to see agriculture go.

A significant portion of time was spent on the farm income crises, including an opportunity to sit in on a meeting between Bob Friesen and the NDP caucus. I was impressed with how that went, and how well Bob presented the issues, the facts, and answered questions. Bob again encouraged members to lobby the M.P.'s and particularly the Economic Development Cabinet Committee that is chaired by Ralph Goodale. Getting approval of this committee is key to getting cabinet approval. Goodale is already on side, and understands the problem.

The trade committee reviewed their policy statement and suggested 2 amendments, which were approved by the Board. While all those around the CFA table agree with the statement, Agricore expressed concern that it doesn't go far enough towards gaining market access beyond 5%. CFA Board also heard reports on the WTO panel appeal from dairy. Canada won 2 out of 3 decisions, but the one they lost will result in changes to how milk, in excess of quota, is handled. The Board also heard that in the beef appeal, both the anti-dump and countervail rulings were upheld. However, the countervail was considered "de-minimus" (less than 5%) so won't have an effect. The full effect of the anti-dump ruling won't be known until the amount of injury has been assigned some time later. The interpretation of rules and words in trade disputes is so important. In the case of the dairy ruling, government was defined as being the provincial milk marketing agency. And since the agency is involved in controlling milk production, government, by their definition, was involved, hence the ruling against dairy.

In the case of beef, the WTO rules state that either fair market price, or constructed cost figures could be used to determine whether or not dumping has occurred. R-CALF chose to use constructed cost which includes fixed costs, variable costs, general administrative cost, a level of profit. Is there a farmer anywhere in the world who can claim to receive prices from the market place that would give this level of return? Sitting in trade committee meetings as minute word changes were wrangled over may seem tedious, yet these two examples demonstrate how details are important.

The Environment/Science Committee spent time of biotechnology concerns. Green Peace and others are putting huge dollars into defaming all biotechnology. CFA has concerns about their methods, integrity and message, and is networking with other credible farm groups to counter the emotional hype that Green Peace is launching. CFA supports the establishment of voluntary labeling criteria for food from biotechnology, and the necessity for biotechnology to be based on sound science.

## **COMING EVENTS**

Red Deer International Agri-Trade  
Nov 10-13, 1999  
Farm Equipment Exposition  
Red Deer, Alberta

Western Stock Growers Association Meeting  
November 24 – 25, 1999  
Pincher Creek, Alberta  
403-250-9121

Canadian Western Agribition  
Nov. 21 – 28, 1999  
Regina, Saskatchewan

Wild Rose Agricultural Producers Annual Convention  
January 13 – 14, 2000  
Red Deer Lodge, Red Deer Alberta  
1-888-451-5912

# CONSULTATIONS BEGIN ON PROPOSED SUSTAINABLE LIVESTOCK PRODUCTION ACT AND REGULATORY FRAMEWORK

The third round of public consultations on the regulatory framework for Alberta's intensive livestock industry is now underway. Albertans are being asked to comment on the proposed Sustainable Livestock Production Act and its regulations.

Albertans were last consulted on this issue in Spring 1999. During those consultations, the Livestock Regulations Stakeholder Advisory Group (LRSAG), responsible for developing the framework and managing the consultations, heard that while the basic framework was acceptable, some changes were needed. Albertans also said they wanted to see a more detailed package of the proposed act, regulations and standards.

All interested Albertans, particularly the groups and individuals who have participated in the development process to date, are encouraged to obtain a copy of the framework package and questionnaire. Copies are available on the Alberta Agriculture, Food and Rural Development Ropin' the Web website at <http://www.agric.gov.ab.ca/ilo>, through your local Alberta Agriculture district office, or by calling (780) 422-2070. You can save long distance calling charges by dialing 310-0000 then the office number.

## 2000 Convention By-Law Amendments

The following amendment to the Wild Rose Agricultural Producers Constitution and Bylaws are to be discussed at the 2000 Annual Convention.

1. Passed at the Board of Directors Meeting on November 2, 1999

Moved by Robert Filkohaxy

Seconded by Elaine Jones

**Be It Resolved That the Board of Directors recommend that the Board size be expanded to nine members.**

Carried

2. Section 9 F presently reads:

The Association shall elect officers and directors at the annual convention, which shall form a 7-member Board of Directors, one of whom may be a representative of a farm women's group.

Now call the office Toll-free at

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# GRAIN HANDLING AND TRANSPORTATION

**O**n October 5, 1999 the report on grain handling and transportation drafted by Arthur Kroeger was released to the public. Attached to the report were the personal recommendations of the facilitator, Arthur Kroeger.

Needless to say, the recommendations were not unusual for it was apparent over the course of the working and steering committee meetings that Mr. Kroeger had formulated his opinion. As a member of the Steering Committee it would be remiss of me to say that there wasn't anything productive to arise from four months of intensive deliberations. On the contrary, for a number of items there was consensus or near consensus. Later in this edition of Wild Rose News you will be able to see, in its entirety a producers paper that we feel would truly bring benefits to the producer while at the same time introduce increased competition and accountability.

Before trying to point out the differences between the producers paper and Mr. Kroeger's recommendations, it only seems appropriate to extend a great deal of thanks to the other producer organizations with whom the producer paper was developed. Keystone Agricultural Producers (in particular President Don Dewar and Executive Director Linda MacNair) and the Saskatchewan Association of Rural Municipalities (president Sinclair Harrison) were unswaying in their support for a unified prairie response.

In the case of Wild Rose's efforts, enough accolades can't be passed on to Gord Smillie of Bassano for the countless hours of time and energy spent at the table representing Wild Rose on the Rates and Revenue Working Group. If producers are fortunate enough to see a workable revenue cap put in place, Gord can take a lot of credit for its development.

KROEGER'S PAPER	WILD ROSE PRODUCER PAPER
<b>REVENUE CAP</b>	
2000-01 revenue cap: \$833 million or \$82 million below 1998 levels. The CTA found that the 1998 weighted average rate was \$30.51 per tonne. In his report, Kroeger mistakenly compares his proposal to Option A (\$31.50) not 1998.	2000-01 revenue cap: \$758 million (\$157 million below 1998 levels and \$75 million less than Kroeger's recommendation).
No productivity sharing. 2004-05 revenue cap: \$867 million.	Revenue cap to decrease by 2% annually to reflect productivity and inflation. 2004-05 revenue cap: \$701 million
No defined period	Defined period, no sunset clause.
<b>RAILWAY COMPETITION</b>	
No recommendations which would result in increased competition.	Open access. Onus is on railway to prove that access is against the public interest.
Examine a range of possible measures.	Further study on "automatic" open access.



## GRAIN HANDLING – CONT'D

### FINAL OFFER ARBITRATION

Checklist" before access to FOA (reduces access to FOA).

2-tiered process, \$750,000 threshold (easier to push shipper into a more expensive and longer process).

For larger disputes, 1 or 3 arbitrators, if either party requests (allows railways to increase expense and reduce the effectiveness of the arbitration).

2-tiered process, \$2 million threshold.

For larger disputes, 1 or 3 arbitrators, at the shippers' discretion.

### THE CWB'S ROLE

Car supply for both CWB and non-CWB movement controlled by the grain companies.

Mandatory and inflexible progression toward full tendering.

CWB to take possession at spout port terminal. Blending revenue not directly returned to farmers.

Grain companies assume full risk of meeting CWB contracts. An additional \$144 million (\$5.53 per tonne) to be recouped from farmers through the basis.

Direct negotiation with the railways for car supply.

Combination of tendering, performance and general contracts, used as best fits sales plan.

CWB to take possession in store port terminal. Blending revenue returned directly to farmers (\$10 to 30 million on protein blending alone, benefits from grade blending are considerably higher).

CWB's ability to manage its risk is improved in a fully contractual environment. The 1996 "KFT" study estimated that producers saved \$5.53 per tonne through CWB risk management through its role in transportation.

(insert summary ....

	2000 - 2001	2004 - 2005
<b>Revenue Cap</b>	\$75 million	\$166 million
<b>Blending Revenue</b>	\$30 million	\$30 million
<b>Risk</b>	\$144 million	\$144 million
<b>TOTAL</b>	<b>\$249 MILLION</b>	<b>\$340 MILLION</b>

# GRAIN TRANSPORTATION REFORM – MEETING FARMERS’ NEEDS

**K**eystone Agricultural Producers, Wild Rose Agricultural Producers and the Saskatchewan Association of Rural Municipalities, representing farmers from Manitoba, Alberta and Saskatchewan, pro-actively participated in the Grain Handling and Transportation Reform discussions facilitated by Arthur Kroeger, with representatives on the Steering Committee and on each of the three working groups dealing with the critical issues of the revenue cap, commercial relations in the grains industry, and competition and safeguards in the system. Each of Justice Estey’s recommendations related to these issues were considered and full opportunity was given to producers representatives to voice our needs and offer constructive solutions.

During the process, we put forward several proposals with the objective of developing a grain handling and transportation system from farm gate to market that would best serve the needs of farmers. There was broad support within the groups for these proposals. In our view it is absolutely essential to achieve the following results from the process:

1. Producers must be the primary beneficiaries of the system’s performance, and need to see real cost savings both up front and in the future. System participants must be accountable and responsible for their activities through commercial contracts. Over time this should lead to a system where all participants, especially the farmers, will have an opportunity to earn a fair return on their investments.
2. In any logistics system moving product from the farm to the customer, system capacity is a critical feature for all participants. As the agency which markets our wheat and barley, the Canadian Wheat Board needs sufficient flexibility to structure its commercial contracts for grain logistics in ways that best meet the needs of its customers, and maximize returns to producers, including ways to determine the capacity of the system at a given time. While the Canadian Wheat Board may not need to be in day to day logistics, they do need to know that when they are developing their marketing plan and making grain sales, the system capacity to deliver the grain to meet the commitment is assured.
3. There must be competition in all components of the transportation and handling system. We must continue to move toward a more competitive system, particularly in the rail system, with the first step being the reverse-onus process for running rights applications. There must also be a fair, affordable and effective means of resolving disputes between shippers and railways through a Final Offer Arbitration process. Fundamental to the issue of branchlines is the need to ensure that legislation is strengthened in the

areas of the abandonment process and financial compensation to affected communities.

4. The issues of roads, ports and waterways and hopper car ownership, which are being considered in a parallel process, are an integral part of the grain transportation and handling system. Before the Federal Government finalizes its policy decision on the system, it must deal with these parallel issues.

This paper reflects our position on the various critical matters which will be addressed in Arthur Kroeger’s final report. His report will be issued shortly and we expect that it will reflect the following positions which we put forward during the discussions. We consider our positions to be reasonable and workable, and that they will enable all participants to achieve benefits. These should be seen by government as the minimum requirements to meet farmers’ needs.

## Rates and Revenues

### 1. Revenue Cap

Our role as producer organizations was to develop a revenue cap which would safeguard producers from excessive railway charges, would be flexible enough to allow market forces to work, and which would encourage investment and innovation. A revenue cap addresses the railway concerns that under WGTA, the rate structure hindered market forces and stifled innovation.

There were various options discussed, with KAP, SARM and WRAP supporting an option which starts at a base factor of \$25.79 per tonne, which is based on the CTA three-year moving average estimates of railways’ 1998 costs, including a 20% contribution. (This is reduced from the estimated actual rate of \$31.50 which suggests that producers were being overcharged about \$5.00 per tonne, which was retained by the railways). At August 1, 2000, the revenue cap is implemented. The formula would reduce the revenue cap by 2% per annum, by adjusting for inflation at 1% per year, and assuming deemed productivity gains of 4% per year (due to a more efficient transportation system), for a deemed net productivity of 3%. Of this, 2% would flow to the farmers, and 1% would be left in the system. Applying this formula to the 1998 base rate of \$25.79, the revenue cap at August 1, 2000 would begin at \$25.28, and would become an average rate of \$23.36 per tonne by the year 2004-05.

Based on the above base rate and productivity sharing formula, the future average revenue cap on an average per tonne basis, contribution rates and total railway revenue (using projected movement of 30 million tonnes) would be as follows:

Year	Weighted Average	Railway
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*(Continued on page 12)*

## GRAIN TRANSPORTATION REFORM — CONT'D

(Continued from page 11)

	Revenue		
	Rate (\$ per tonne)	Contribution (%)	(\$ million)
1998	25.79	20	774
2000-01	25.28	27	758
2001-02	24.79	29	744
2002-03	24.30	30	729
2003-04	23.83	31	715
2004-05	23.36	33	701

This formula would result in initial direct savings to farmers in excess of \$180 million, while still leaving the railways with a

maximum contribution rate of 27% in the first year of the revenue cap. By 2004-05, while this formula would allow railways a revenue cap of over \$700 million per year, and a contribution rate of up to 33%, it is expected that through competition in the rail system, the contribution rate should be substantially reduced to reflect more closely the contribution rate of 20% that we understand is higher than can be earned on many of the commodities shipped in a competitive transportation environment. This level of contribution should be sufficient to enable the railways to have funds to reinvest in their operations, improve system efficiency, and offer incentives to grain companies to be passed through to farmers. This proposal is in keeping with Justice Estey's recommendation that the farmer is entitled to the direct benefit of the freight reduction.

The cap would include any rate premiums the railways earn for improved service, any reductions that presently exist at competitive and contiguous points, and costs associated with maintaining an adequate base fleet. Future ownership costs of the federal hopper car fleet should be identified as a separate item in assessing the need for any adjustment. In addition, the maintenance fees applicable to the entire rail car fleet should also be identified as a separate item.

Other adjustments to the cap would be changes in volume and distance. A review of the cap must be conducted to allow sufficient time so that any required changes can be implemented no later than five years after the commencement of the revenue cap regime. This would provide sufficient time to assess if the reverse-onus system has resulted in railway competition, whether the revenue cap has provided adequate protection, and whether indeed the revenue cap continues to be required.

The CTA would monitor the actual railway revenue, and the results would be published. In the event that a railway exceeds its revenue cap, the excess funds, plus a 50% penalty, would be returned to farmers through an appropriate mechanism.

The level of service provisions in the CTA would remain in

place to ensure that over-all level of service does not decline with the implementation of a revenue cap. Furthermore, it is critical that producers be represented on any body that is established to handle capacity planning. This is in recognition of the fact that regardless of the type of crop produced, if rail service deteriorates under a revenue cap regime, farmers are the participants most affected.

### 2. Tariffs and Rates Differentials

Under the new system, tariffs would continue to be generally distance-related, and should reflect both a cost base, and differences in service. Differentials on branch line vs. main lines should not exceed 3%. We do not support seasonal tariff surcharges, nor do we support commodity specific tariff surcharges, although tariff discounts should be permitted. All tariffs would be subject to the FOA process. In a competitive environment, differentials should reflect actual cost savings or increases from different types of movement.

An additional requirement is that the rail car fleet size be large enough to ensure sufficient capacity at reasonable rates at all times of the year.

### Commercial Relations

#### Role of the Canadian Wheat Board in Transportation

SARM, WRAP, and KAP, agree that the Wheat Board's marketing ability and its competitive position in world markets will be compromised if it is removed from the grain handling and logistics system. The proposal which we put forward recommends a commercial and competitive transportation system in which accountability between all industry parties is clearly identified. This system would also provide the opportunity to grain companies to grow business based on underlying competitiveness. The Canadian Wheat Board would maximize the use of various commercial mechanisms, including tendering, provided that these mechanisms deliver a direct benefit to the farmers. This proposal represents a major building block to developing accountability and commercial relations within the transportation and handling system. Over time, it is incumbent

upon all those involved in the transportation and grain handling system to examine ways and means by which the system could be even further "simplified and commercialized".

Under this proposal, the CWB negotiates commercial contracts with the railways for overall capacity, including price, car supply, and performance commitments and measures for both parties.

To facilitate competition at the terminals, this proposal would also enable the CWB to initiate terminal service tenders for volume, service and price over a specific time period.

The proposal suggests three means by which the Wheat Board would access the grain in a competitive, contractual manner. A portion of the grain would be accessed through tenders which would be offered regularly to suppliers for delivery at port in-store (to ensure that producers continue to receive the profits from blending). There would also be commercial performance contracts with suppliers based on their performance and reflecting various commercial components, including price. In addition, there would be general commercial contracts with suppliers. These last contracts would clearly outline the CWB and the grain companies' contractual commitments, and could be based on the volume of farmer contracts signed by a particular supplier.

The Wheat Board would continue to contract with producers for the grain, and bear responsibility for those contracts, but they may not need to be involved in the day to day logistics. The suppliers would make their own logistical arrangements with the railways under the 'umbrella' of the broader price, supply and performance agreement that the CWB already negotiated with the railways. This would be a more commercially driven system with more appropriate accountability for each of the participants. Three party contracts are an accepted commercial activity, and the lines of accountability for each party are clearly defined.

### 1. **Cleaning Grain on the Prairie**

This matter is considered best to be dealt with by the industry, because market demand and commercial activity will determine whether or not a larger percentage of grain will be cleaned on the Prairies. As the system consolidates, and there are more high throughput elevators, economies will be the deciding factor as to the location of grain cleaning activities.

### 2. **The Harvest Quota**

The Harvest Quota is important, because it provides all producers an equitable opportunity to deliver grain at harvest time, regardless of the distance to the country elevator. However the Harvest Quota cannot be allowed to result in a system filled to capacity with grains which are not needed for imminent sales. Therefore, we support the concept of retaining the Harvest Quota for board grains, as long as it applies to those grains which the CWB had ordered through tender or performance contracts, and the grain is therefore required to meet market requirements.

### 3. **Non-Board Grains**

While the above proposed system allows the Canadian Wheat Board to continue to effectively market Wheat Board grains, it is basically a commercial, contract-based system which will readily interface with the movement of non-Board grains and oilseeds.

### 4. **Special Crops**

Special crops are a new and emerging market for manly Western Canadian producers. Sufficient time was not available to discuss special crops, but it is important that they be given consideration, particularly with respect to appropriate system capacity and rail service.

## **Competition and Safeguards**

### 1. **Access**

The premise of Estey is that competition will be the safeguard that protects farmers in exchange for the loss of other regulatory or industry safeguards. In his recommendation 8, Justice Estey calls

for "open access" in the Canadian rail industry, which he says is essential for a competitive grain transportation system.

We strongly feel that it is critical to introduce effective competition into the rail system. We therefore support the concept of a reverse-onus public interest test model for running rights applications, with a study of full open access to be completed by 2003. This concept was endorsed by KAP, WRAP, SARM, and the provinces.

Under the "reverse-onus" system, any person could apply for running rights on the line of another railway. The applications would continue to be considered by the CTA on a case-by-case basis. The CTA would presume that increased competition is in the best public interest, and rather than requiring the applicant to prove that public interest, the owning railway would have to satisfy the CTA that the proposed operations are detrimental to public interest. The legislation would provide that the CTA will give primary emphasis to the interest of shippers. Once running rights are granted, the owning railway and the operating railway would negotiate access fees, terms and conditions that are "commercially fair and reasonable". The Agency would have the power to arbitrate disputes.

We also support a recommendation that the Minister of Transport conduct a thorough study of "full open access". The study is to look at other jurisdictions where open access exists successfully, and it should develop and assess specific proposals for the fee structure and operating procedures. It is also to assess the competitive effectiveness of the "reverse-onus" system as recommended above.

### 1. **Final Offer Arbitration**

We support a two-tier Final Offer Arbitration process that would be available to carriers and to shippers (including CWB, grain companies, small shippers and farmers) for both export and domestic movements. The first level, or "summary tier" is a simpler, cost effective arbitration process for resolving freight disputes involving movements where freight



## GRAIN TRANSPORTATION REFORM — CONT'D

charges are under \$2,000,000. This is a 30-day process and should facilitate the needs of farmers and small shippers. The second tier is a longer process (60 days) for larger disputes, and this tier gives the shipper the choice of being heard by a single arbitrator, or a panel of three. Both processes will require the simultaneous submission of final offers by both shipper and carrier, and the timeframe of the commitment to ship traffic should be specified in the shipper's request for FOA for a period of not less than 3 months and not more than a year. Appropriate safeguards need to be put in place to prevent claims from being pushed into the second tier process. The proposal also calls for creation of a pool of qualified, knowledgeable arbitrators. No appeals or reviews of the decision would be allowed, and the carrier and shipper would equally split the arbitrator's fees.

### 2. **Branch Line Abandonment**

Fundamental to this issue is the need to ensure that the current legislation is strengthened in two areas. First, the abandonment process must provide every opportunity to preserve viable rail service, and to allow short lines to become a competitive factor in a commercial environment. Second, affected communities should receive direct financial compensation to offset the impacts of abandonment.

We support a proposal that requires the railways to put all rail lines in one of two categories – operating or discontinuance. Lines in the operating category could be sold as commercial short lines at any time, but must be placed in the discontinuance category before any abandonment process can begin.

Once a line is designated for discontinuance, it must remain in this category for 12 months, after which the first step in the abandonment process is to advertise it for sale for a period of 60 days. If a community group expresses interest in a purchase at any time during the 12 month period, the notice of the process would begin at that point. After 60 days, the parties would commence negotiations, which could continue for a maximum of 6 months.

If these negotiations are unsuccessful, either party could apply to the CTA for an arbitration of any disputes that have arisen. The CTA would be guided by the presumption that all conditions of sale must be commercially fair and reasonable. If there is no sale as a result of any arbitration, the current CTA process of offering the line to government would begin.

Disputes which arise between a short line and its connecting main line railway after an agreement is reached would be dealt with through F.O.A.

If service is being downgraded on a line (i.e. line is being de-marketed, an alternative carrier with running rights could as-

sist, or a level of service complaint could be filed with the Agency. The Agency would be given additional discretionary powers to deal with de-marketing. The line may be immediately placed in the discontinuance category, which would allow community interests to acquire it.

Where a railway abandons lines in small pieces, and thus prevents viable short lines from beginning, the railway must ensure that the rest of the line will be operated for a minimum of three years.

If a line is abandoned, communities would be compensated a minimum of \$10,000 per mile for three years as compensation. After three years, this amount would be removed from the base which determines the revenue cap.

### 4. **Producer Cars**

Producer cars are regarded by everyone as an essential element in the grain transportation system. Even though they represent a small percentage (1%) of total grain movement, farmers consider producer cars a very important competitive tool in the system. By shipping grain via a producer car, farmers can reduce their costs by bypassing the country elevator system, and thereby avoid paying elevator handling charges. It is important that there be no impediments to the benefits which producers can realize from using producer cars.

Producer car shippers must have access to the FOA, and be afforded the same safeguards as all other shipments. Producer cars must have full access to participate in Tenders, Performance Contracts, and General Contracts. In addition, access to port terminals is essential. The rate structure on producer cars must be neither discriminatory nor preferential, and must apply in the same manner as any other type of shipments.

We strongly support continued legislated access to producer cars as an effective competitive outlet for farmers.

### 5. **Competition and Safeguards**

Justice Estey noted the need for a review of the productivity gains actually achieved in the system, and the flow through of such gains to the farmers. He suggested the review be completed after the 2000/2001 crop year, and that it commence from the 1997/98 crop year. We believe this review must evaluate whether the reforms made to the system are benefiting the grain producers. It will be necessary to establish benchmarks, performance measures and targets to evaluate the productivity of all participants. A review of system costs is in our view an essential element of this process.

### **Parallel Process**

In addition to the above activities, a process known as the "parallel issues process" was established by the Federal Government to deal with matters such as the disposal of the federal



## GRAIN TRANSPORTATION REFORM — CONT'D

government hopper car fleet, roads, and ports and waterways. As we look at the grain handling and transportation system in moving Western Canadian products from farm gate to market, these issues are critical. It is regrettable that these issues were not dealt with, given their importance. As we earlier stated, these matters must be addressed in advance of other policy decisions on the system being made by the Federal Government.

### 1. Hopper Cars

WRAP, KAP and SARM maintain that farmers should own the hopper cars. This would enable farmers to be commercial participants in the grain transportation system, and thereby have the ability to develop further efficiencies with the objective of reducing costs for farmers and improving the operation of the over-all transportation system.

### 2. Roads

We emphasize the importance of having a viable road structure in Western Canada. It is essential that the federal government and the provincial governments take the lead in this area, and work closely with municipalities and producers. Farmers cannot afford to absorb the rising costs of road construction, maintenance and repair, and therefore the governments must ensure an efficient road system at a reasonable cost. It is proposed that the federal and provincial governments collaborate to apply some of the fuel tax collections to the municipal grid road and secondary highway systems, which are critical in moving Western Canadian products from the farm to the market.

### 3. Ports and Waterways

A critical link in moving products to market in the ports and waterways system. We emphasize the importance of this, particularly in relation to the ports of Prince Rupert and Churchill. The current grain logistics market structure should not be allowed to be an impediment to producers gaining the benefits of the most cost effective routes to market. The Federal Government must take the lead on identifying ways of removing barriers to the more effective use of the ports of Prince Rupert and Churchill.

A cost effective waterway system is also important, and the federal government must ensure that all elements are in place so

that farmers have access to it at a reasonable cost.

The competitiveness of Canadian ports and waterways is essential. If this is not the case, and U.S. ports and waterways afford a lower cost alternative, Canadian grain should be shipped overseas via these lower cost corridors.

### Conclusion

At the outset of this paper, we outlined the package of results that farmers must have from this process. Anything less means the Grain Handling and Transportation Reform process will have failed producers, and will have failed to live up to the policy direction it was given to “ensure that stakeholders in the system, especially producers, would share in the resulting efficiency benefits of a more commercial and a more competitive environment”.

Throughout this discussion process, farmers have made every effort to be flexible in putting forward workable solutions. With the changes farmers will see in the system over the coming years, now is the time to make sure that those changes put dollars in our pockets. Producers are the source of all wealth to the suppliers of grain handling and transportation services. We are the people who produce the grain that the grain companies handle for a profit, and the railways transport for a profit – we are entitled to a fair share of that wealth.

This publication is circulated to approximately 2,000 members of Wild Rose Agricultural Producers. The advertising rates are as follows:

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# CANADIAN FEDERATION OF AGRICULTURE TRADE POLICY STATEMENT BASIC TRADE POLICY GOALS

## NON-TARIFF BARRIERS

Canada must recognize that for some sectors, the elimination of sanitary, phyto-sanitary and other barriers without technical merit require as much priority as the further elimination of tariffs.

In general, the SPS Agreement is working well and does not need to be renegotiated. However, if it is opened up, Canada should seek to achieve:

- WTO provisions that require countries to accept international pesticide registration and residue standards.
- Clearer language on equivalency that will make it more incumbent on countries to allow imports where the food safety protection afforded by exporting countries' inspection programs is at least equivalent to that of the importer, even if the modus operandi is different in certain respects.
- Provisions that would ensure timely resolution of problems with unjustified sanitary and phyto-sanitary measures.

In addition, priority should be given to:

- Measures which will ensure that science is the basis on which countries assess the acceptability of GMO products and that labeling requirements not constitute a non-tariff barrier to trade.
- Achieving a WTO Agreement on Arbitration and Licensing that will ensure that shippers of fresh fruits and vegetables will have access to an effective and comparable dispute resolution system in all markets.
- Measures which will help ensure that import regulations and other trade restrictions are administered and enforced uniformly for all exporters shipping into a country.

In negotiations regarding technical regulations, Canada must recognize the importance of maintaining its bulk container and consignment selling rules which are consistent with WTO national treatment requirements.

## DOMESTIC SUPPORT

The domestic support priority should be to resolve problems arising from the existing WTO Agreement on Agriculture. There is a need to:

- Improve the clarity and equity of the definitions and rules governing domestic support programs by:
  - Eliminating special consideration for specific types of amber programs (para.5, Article 6, WTO agreement on Agriculture, "blue box").
  - Clarifying the definitions of green programs, especially in regard to crop insurance and safety nets.
  - Permanently exempting green programs from counter-vail action.
  - Reviewing the calculation methodology of the aggregate measure of support (AMS).
  - Establishing a WTO system for the prior determination of the green status of a specific domestic program.
- Ensure that the calculation of the AMS reflects the application of the differential between the domestic price support level and the international price only on the volume of products that benefit from price support.
- Harmonize Canada's domestic agricultural policy and Canada's position on the definition of "green programs".
- Achieve greater discipline governing domestic support and seek the imposition of a cap on total domestic support including amber, blue, green programs, measured as a % of total value of production, in order to ensure that reductions of amber support are not simply compensated for through increases in government support provided in other categories.

The Government of Canada must be prepared to match the level of green support given to our competitors in other countries; particularly in the areas of research, infrastructure, pesticide regulation, resolution of environmental problems, and maintenance of standards and inspection.

## MARKETING STRUCTURES

The suitable form of marketing structures varies between commodities and over time. However, one of the most important tools available to Canadian farmers is the Canadian agricultural marketing legislative framework.

Under this legislative framework, the federal government and the provinces have established agricultural marketing boards, agencies and commissions that, without distorting trade, permit farmers to deal effectively with their buyers and give farmers the leverage to successfully meet the challenges of a competitive market place. At the same time, they have provided fair

## BASIC TRADE POLICY GOALS – CONT'D

prices to consumers and ensured strong national industries. They must not be traded away.

Canada should:

- Not only defend its right to maintain effective marketing structures, but seek allies and vigorously pursue WTO rules that clearly confirm the right of countries to grant marketing bodies the power to regulate the volume of domestic product marketed, to operate a central desk selling agency and to pool returns.
- Ensure that any international agreement on the application of competition policy respects Canadian provisos that exempt specific aspects of federal and provincial agricultural marketing structures from the provisions of competition legislation.

### TRADE REMEDY MEASURES

The use of countervail, antidumping and safeguard measures is a double-edged sword; necessary at times to protect the legitimate interests of Canadian producers, but also at times unfairly damaging to Canadian export interests.

In a less-than-perfect trade environment, Canada needs to:

- Ensure we maintain trade remedy legislation that permits farmers to effectively counteract unfairly damaging trade practices.
- Resolve the problems with existing rules so that effective safeguard action can be taken in critical circumstances affecting perishable product.
- Seek, in the WTO and NAFTA, provisions that will effectively curb the misuse of trade remedy measures.

CFA believes a long-term trade goal should be the establishment of a multinational trade remedy/dispute settlement system that cannot be manipulated by any one country.

Under this process, one common set of rules governing antidumping and countervail action would replace existing national legislation. Investigations and decisions, concerning all complaints, would be made by one multinational body. A regional agreement such as NAFTA may eventually provide the first opportunity to pursue this goal.

### ANTIDUMPING MEASURES AND COMPETITION POLICY

The Canadian government does not believe antidumping measures should be used in "free trade" areas. It believes competition law is the appropriate measure for dealing with unfair pricing in free trade areas.

Its priority is the elimination of antidumping action in Canada/US trade. There is no realistic possibility of achieving this in the foreseeable future, but Canada has negotiated such a provision for Canada-Chile trade.

CFA has very serious concerns about the government's approach to this issue. In the current trading environment, antidumping action is an essential tool. Antidumping action has been necessary to prevent damage to Canadian farmers from unfairly priced US imports. There are currently no trade rules governing the use of competition laws. Shifting attention from antidumping to competition law may trigger a new round of protectionist barriers in the form of anti-competition actions. In reality, current Canadian competition legislation is not capable of effectively dealing with problems associated with imports or the unfair pricing problems that antidumping action addresses.

CFA believes that:

- Any further consideration of the elimination of antidumping action should be put in abeyance until there is a clear understanding of the role of competition policy in the new global trading environment and until it is clear that there are effective safeguard mechanisms against predatory pricing practices or dumping by other countries that can prevent damage from the unfair pricing of exports (e.g. the US sugar re-export program).

### TRADE AND THE ENVIRONMENT

CFA recognizes the importance of measures to resolve environmental problems. While the WTO is not equipped to resolve environmental problems, there is an interaction between trade and environmental issues. There is potential for legitimate environmental concerns to be used as an excuse to introduce disguised trade barriers. Neither international trade nor the environment would benefit such action. CFA believes that:

- The Committee on Trade and Environment should be a permanent WTO body.
- Eco-labeling and other applications of environmental standards should be subject to WTO disciplines, no less rigorous than the disciplines placed on the application of other standards.

*(Continued on page 18)*

## BASIC TRADE POLICY GOALS – CON'T

*(Continued from page 17)*

- Trade provisions in international environmental agreements should be subject to full WTO discipline. If it is deemed necessary to give special consideration to any environmentally related trade measures, clear WTO rules should be developed to prevent misuse in the cause of protectionism.

### TRADE AND LABOUR STANDARDS

The liberalization of international trade has increased awareness of the lack of core labour standards in some countries. While CFA believes that:

- The primary responsibility for dealing with labour standards should lie with the International Labour Organization, and
- Trade barriers should not be used to impose or enforce labour standards,

It recognizes that one of the functions of the WTO is to cooperate with international organizations “with a view to achieving a greater coherence in global economic policy-

making” (Article III, Paragraph 5 of the Marrakesh Agreement). There is a need for a strong and transparent consultative link between the World Trade Organization and the International Labour Organization.

### CONCLUSION

CFA supports the development of a co-ordinated and equitable agriculture trade policy for Canada. In developing Canadian agriculture trade policy for WTO negotiations scheduled to begin in 1999, the Government of Canada needs to take into account the special nature of agriculture and its positive contribution to the rural and regional economies in Canada. As the preparatory work program of the WTO Committee on Agriculture and other events leading up to the 1999 negotiations will be key in influencing the direction and outcome of the formal negotiations, it is important that the Canadian government establish its objectives early. CFA must be fully involved and consulted from the outset, not only on the specific issues, but on the direction and focus of Canada’s agricultural trade policy.

## DANGEROUS GOODS REGULATION

The new regulations for the transportation of the dangerous goods has been published in the Canada Gazette. If you have any comments on these changes please contact the Wild Rose Office. The full version is available on the Transport Canada Website: [http://www.tc.gc.ca/tdgoods/consult/cgl/note\\_e.html](http://www.tc.gc.ca/tdgoods/consult/cgl/note_e.html)

The most important changes to the farm vehicle exemption from previous regulations are:

- ◆ Transportation distance has to be less than 100 km. It used to be 50 km.
- ◆ These restrictions on the quantity of goods/transported. There used to be no restrictions.

The restrictions are:

- ◆ A maximum of 1500 kg of dangerous goods for a vehicle licensed as a farm vehicle.
- ◆ A maximum of 3000 kg of dangerous goods for transporting agriculture-related goods from a retail outlet to the place of consumption.
- ◆ 6000 litres for pesticides.

For the transport of gasoline, diesel, and heating oil the regulations remain unchanged. A person who handles these products is not required to comply with most of the regulations is the tank capacity is less than 2000 litres.

## FUNDING IS AVAILABLE FOR AGRICULTURAL HEALTH AND SAFETY PROJECTS

The Federal Government has promised to provide funds, for the next four years, in support of farm safety and rural health projects, through the Canadian Coalition for Agricultural Safety and Rural Health for the continuance of the Canadian Agriculture Safety Program – CASP II.

Women of Unifarm as Lead Agency Coordinator for Alberta invites your application for funding. Call for an information package and application form today. Deadline for applications is December 17, 1999.

This is Year 2 of the CASP II program. Consideration for funding will be given to applicants developing projects relating to tractor rollovers and run overs and those relative to power take-off and other machinery entanglements. However, proposals that address other specific local needs and differences in the province will also be considered. Projects will be funded that are consistent with the objective of lowering the incidence of agriculture related deaths and injuries. Your proposal should be consistent with one of the following categories:

- a) Development of materials and promotional activities that will increase the level of awareness of the farm sector on agricultural health and safety issues;
- b) The design, development and evaluation of surveillance mechanisms that can monitor the incidents of agriculturally related deaths, and injuries, and health related issues;
- c) Farm health and safety preventative programs
- d) Facilitation of the exchange of information on farm health and safety issues;
- e) Data gathering and analysis of information pertaining to rural health and safety issues;
- f) Identification, development and promotion of safety standards.

Eligible applicants for CASP II include non-profit organizations and who may partner with corporations, cooperatives, universities, industry associations, federal, provincial and territorial governments, crown corporations and government agencies to fulfill their project's objectives, CSP funding is based on 50% of the eligible project costs. Please endeavour to acquire other matching actual dollars, as well as in-kind contributions.

Project proposals must be forwarded to the CASP Alberta Lead Agency Coordinator – Women of Unifarm, Suite 220, 10403 – 172 Street, Edmonton, AB., T5S 1K9. Please do not hesitate to call with any of your questions.

Deadline for Application is December 17, 1999

For applications or Enquiry contact Shirley Dyck – CASP – Alberta Lead Agency Coordinator  
Telephone (780) 452-7605, fax (780) 452-3708, or e-mail [sdyc@compusmart.ab.ca](mailto:sdyc@compusmart.ab.ca)

## FOOTPRINT CONCEPT

The 'foot print' concept is going to be a part of an impact study being requested by the Farm Property Taxation and Assessment Review Committee. The Committee is working directly with commodity group associations on fine tuning the concepts and issues.

### FOOTPRINT CONCEPT

- ◆ System is based upon the production concept nat market value.
- ◆ System recognizes the concept that all farm sites contribute to operations and are the farm headquarters.
- ◆ The system recognizes the value contribution of livestock facilities and enclosed growing areas.
- ◆ Each livestock, poultry, aquatic or enclosed growing area has had a rate calculated for it at typical productive false levels.
- ◆ The rate was calculated by taking Alberta Agriculture's recommended housing space and typical sales for each species or enterprise.
- ◆ The concept will be utilized in an impact study to determine the total result and brought back to the stakeholders when the effects are known.

# FARMERS TO BENEFIT FROM ALBERTA AGRICULTURE DISASTER INITIATIVES

**A** new provincial disaster assistance package will provide emergency support this year to approximately 12,000 farmers experiencing severe income losses.

The disaster relief package will have the following components:

1. Alberta Farm Income Disaster Loan Program. It will assist farmers who have suffered severe income loss in at least two of the past three years due to reduced revenues beyond the control of management and that jeopardize the viability of the farm. The interest rate will be five percent amortized over 12 years. Interest and principle will be deferred for the first two years. The maximum loan amounts will be \$100,000 per person or \$300,000 for three or more individuals working together.
2. Farm Income Disaster Program (FIDP) – Expanding the Reference Period. FIDP support has been based on 70 percent of the previous three- year average farm margin. Multiple-year disasters have left many producers with little margin over those three years. Effective for the 1998 farming year, the program is being enhanced to determine program support level based on three of the last five years. This will more effectively protect farmers against long-term, progressive declines in farm income.
3. FIDP – Zeroing Negative Margins in the Reference Years. Effective for the 1998 farming year, negative margins that occur in the reference period will be averaged as a zero margin year instead of a negative margin. Producers raised concern that one or two negative margin years completely eliminate any positive average margin, thus disqualifying the producer from FIDP assistance.
4. FIDP – Deduction of Government NISA contributions from FIDP Payment. Currently, all government contributions to a producer’s Net Income Stabilization Account (NISA) back to 1995 are deducted from FIDP payments. Effective for the 1998 farming year, only the government contributions in the claim year will be deducted.
5. FIDP – Expanding Farm Provisions. Producers have raised concerns that expansion of their operation has deemed them ineligible for FIDP when they would otherwise have qualified. Effective for the 1998 farming year, expanding farmers will be covered through adjusted data. The program will also explore enhanced accrual accounting filing options.

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