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In Union Is Strength

FOR IMMEDIATE RELEASE

JANUARY 23, 2009

PROPOSED TAX INCENTIVE ACTUALLY SUBSIDY TO SEED COMPANIES

A proposal by the Canadian Seed Trade Association (CSTA) for a federal tax incentive to encourage farmers to purchase certified seed is actually an attempt to create a major subsidy for multinational seed and chemical companies.

The CSTA is currently lobbying the federal government to implement a tax incentive to allow farmers to claim 155% of the cost of certified seed as an expense on their income tax returns.

In a letter to federal Finance Minister Jim Flaherty, NFU Vice-President Terry Boehm said the CSTA's proposal amounts to an attempt to use the tax system to subsidize seed companies. He noted that while the proposal may be attractive on the surface, farmers will end up paying higher costs in the long run.

"The CSTA is an association of 140 seed companies that includes large multinational corporations like Monsanto, Syngenta, BASF and Bayer, which dominate the global seed trade," he pointed out. "The tax incentive scheme is nothing more than an attempt to foster dependency by farmers on these companies for their seed in the long run. It is part of a systematic plan of using seed as a platform for control."

Boehm pointed out that seed companies have drastically increased the price of seed for many crop varieties. "In only a decade, the price of certified canola seed has gone from \$1.00 per pound to \$5.00 and \$6.00 per pound," he stated. "At the high end, this translates into an expense for farmers of roughly \$300 per bushel for canola. Meanwhile the farmer can expect a return of only about \$9.00 per bushel for canola."

Boehm noted that while farm-saved seed is perfectly suitable for replanting, the use of patents and obligatory contracts, combined with rules that hinder access to seed treatments, has largely stopped farmers from saving and re-using their own seed. "This has allowed these companies to extract \$100 million from farmers on an annual basis on canola alone," he said. "The most expensive seeds in Canada are canola, corn and soybeans, the crop types cited by the CSTA where certified seed usage is highest."

Boehm dismissed the CSTA's claim that royalties from certified seed sales will lead to higher farm incomes based on increased yields of new varieties. "If that was true, the

simple introduction of new seed varieties would have solved the farm income crisis years ago,” he stated.

The CSTA estimates the tax incentive proposal would mean a reduction of between \$89 million and \$170 million into the public coffers. Boehm said the federal government should instead invest that sum into public plant breeding programs which result in varieties that can be used freely by farmers for seed saving and re-use.

He noted that a large number of conventional, non-GM, canola varieties have been deregistered in the last few years, leaving farmers almost no choice but to pay high price for seed varieties containing gene patents. Prices of seed for those GM varieties are set by the big companies which hold the gene patents.

“It is logical for these companies to want to expand their market,” concluded Boehm. “However, they can do that by offering real value to farmers in the quality of their varieties, rather than by using the tax system to entice farmers, and intellectual property measures like patents to force farmers, down one path.”

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