Volume 56 Issue 1

February/March 2005

# CAISP must go: farmers need COP

Many farm groups, in Ontario and across Canada, are calling for an end to the deposit requirement for the Canadian Agricultural Income Stabilization (CAIS) Program. The NFU believes that such a move will fall far short. Farmers need a program that guarantees them more than just a portion of "normal" returns. Farmers need a program that can assure that they recover their costs of production (COP) — including fair returns on farm family labour and management.

"The CAIS Program can serve in the short term as we make the transition to a cost-of-production program. As such, it is vital to improve the CAIS Program by removing the deposit requirement and increasing funding. But in the medium term, the CAIS Program has got to go: we need cost of production," said Ontario NFU Co-ordinator Don Mills in a February 17th NFU news release.

The NFU has a detailed, 16-point plan to end the farm income crisis. NFU Officials presented that plan to Wayne Easter, Parliamentary Secretary to the Minister of Agriculture, on January 20th, during Easter's consultations on the farm income crisis.

For more on the NFU's plan, see next story. The NFU's plan is available online at www.nfu.ca/begin/solving the farm.html

Point 1 of the NFU plan is a national farm support program that would ensure that farmers recover their costs of production. "Every business sector in Canada needs to recover 100% of its costs of production if it is going to survive. Farmers are no different," said Mills.

Point 2 of the NFU's plan is an initiative wherein the Canadian government would work with other nations to match agricultural production to consumption. "Every business sector except farming has mechanisms to modulate supply in response to changes in demand. Until farmers do likewise, they cannot prosper and the farm crisis cannot be solved," said Mills.

"In the current environment—where grain traders can claim oversupply, play farmers in one nation against those in another, and drive down prices—a cost-of-production program would be costly. But multi-lateral action to match production to consumption would raise grain prices and reduce the cost of a COP program to near zero. This would be a boon to taxpayers and farmers alike," said Mills.

Other parts of the NFU's plan include measures to help reduce the export reliance of the beef sector; ban corporate ownership or control of livestock; and create bold new programs to help young people enter farming.

The NFU is working across Canada to highlight its plan to end the farm crisis and to challenge government and farm leaders to move beyond round-after-round of ad hoc payments and to take bold and innovative actions to *end* the crisis consuming our farms.

— nfu —

## Inside this issue:



*union farmer* monthly

A Publication of the National Farmers Union, 2717 Wentz Avenue, Saskatoon, SK S7K 4B6
Phone: 306-652-9465 * Fax: 306-664-6226 * E-mail: nfu@nfu.ca
Printed at St. Peter's Press, Muenster, SK

# NFU advances 16-point plan to end farm crisis

*"Solving the Farm Crisis: A Sixteen-Point Plan for Canadian Farm and Food Security" is the title of a January 20th NFU brief outlining solutions to the farm income crisis. The NFU presented this brief to Wayne Easter, Parliamentary Secretary to the Minister of Agriculture, during consultations on the farm crisis. The complete, 17-page brief is available online at www.nfu.ca/begin/solving the farm.html or by phoning the NFU National Office. The following is a short summary:*

**1. Guarantee farmers their costs of production**

The federal government should implement a farm income support program that will guarantee that at least 95% of farmers recover their full costs of production, including reasonable returns on labour, management, and investment. This should be a federal program, because federal-provincial cost-sharing has proven extremely inequitable.

In the current environment, a cost-of-production-based farm support program could cost Canadian taxpayers over $10 billion per year.

**2. Set aside land and modulate grain supplies**

Clearly, $10 billion per year for a cost-of-production program is unaffordable. Fortunately, we need not continue using massive amounts of public money to patch up dysfunctional markets. Simply acting as every other business sector does—working to match supply to demand—will reduce to near zero the amount of farm aid required.

The federal government should work with other major grain exporting nations to concertedly, slowly, and predictably decrease the amount of land devoted to crop production until prices of major grains increase significantly. For instance, Canada, the U.S., EU, Australia, Argentina, and Brazil could commit to take 3% of their land out of production, and an additional 3% each year, until grain prices double.

The Canadian government could offer short-term incentives to farmers who idle grain land. Farmers could voluntarily participate. As an example, government could offer farmers $50 for every acre of grain cropland that farmers take out of production.

Such a plan has a good chance of success because world grain supplies are tight. Stocks/use ratios, an oft-quoted measure of supply and demand, have fallen in four of the last five years and are now at levels not seen since the 1970s.

**3. Control the power and profits of input and profits of input manufacturers**

Transnational farm input manufacturers admit that they price according to what the market will bear—when farmers reap higher prices, input manufacturers raise the prices of their fertilizers, chemicals, tractors, seeds, and other inputs to snatch away farmers' profit dollars.

Programs #1 (Guaranteeing cost of production) and #2 (Modulating grain production) would together increase grain prices and farmers' revenues. Because transnational input manufacturers are huge and few—and thus largely undisciplined by competition—these corporations will predictably boost prices to capture most or all of farmers' increased revenues.

If farm families are to retain the fruits of agricultural prosperity—prosperity triggered either by government intervention or by random price spikes—then *the market power of input suppliers must be restrained*. Governments can help rebalance market power between farmers and agribusiness input transnationals in several ways including:

- Facilitating and/or funding the creation of farmer-owned co-op input manufacturers;
- Helping farmers to create input *buying* co-ops that would give farmers more equal power in the marketplace; and
- Requiring divestiture of assets by input makers in highly concentrated sectors (fertilizer, major farm equipment, seed, and chemical companies, for instance) in order to increase the number of competitors.

**4. Help farmers to unhook from profit-draining input makers**

Programs #1 (Guaranteeing cost of production) and #2 (Modulating grain production) will help raise grain prices and revenues for many farmers, and Program #3 (Restraining input manufacturers) will help farmers hold onto some of that money and regain some profitability. But transnational input makers are so large and face so little competition that farmers probably won't be able to enjoy long-term stability or profit. Any sincere attempt by governments to boost farmers' net incomes must include measures that help farmers reduce their dependence on purchased inputs. Two programs would be very helpful:

(1) Governments should channel their agricultural research funds to programs focused on cost-*minimization* and net income *maximization*. (Current policies are largely focused on the opposite: on production maximization and, thus, on input maximization.) Such a policy would mean shifting public research dollars into input-reduced, organic, energy conserving, and alternative agriculture and leaving the funding of research on input-intensive agriculture to the corporations who produce and sell those inputs.

(2) Governments should provide loans to help farmers make the transition to alternative farming systems. For instance, the shift to certified organic production requires a three-year transition. During those years, farm revenues and net incomes may fall, but after that period, net incomes may rise sharply. Farmers wanting to grow food organically may need guaranteed bridge financing at low interest rates and they may need a "holiday" from the requirement to repay principal.

**5a. Modulate supplies of non-grain crops**

The preceding four Programs would raise grain prices and farm revenues and help grain farmers hold on to some of those increased revenues in the form of profits. Similar programs could be undertaken—on a voluntary basis and with appropriate incentives—for potatoes, vegetables, and other non-grain crops. Such programs should build on successes in modulating grain supplies and on positive experiences in working collectively with other nations.

The cost of this Program might range up to $50 million per year (perhaps 100,000 acres of potato and vegetable land idled at up to $500/acre). As noted above, with global food supplies tight, this Program may cost nothing: the mere announcement of a set-aside program may rally prices.

**5b. Modulate supplies of meat**

Program #2 (Modulating grain production) would raise the price of grain but not the price of livestock. Farmers who raise cattle, hogs, sheep, and other livestock may be caught between rising feedgrain prices and

*(continued on page 5…)*

# Convention videos available

**For the first time, the NFU is offering video tapes of some of its Convention panels and addresses. As a trial offer, the NFU is offering three tapes:**

**TAPE 1: SEEDS OF HOPE** This professionally-edited documentary focuses on the seeds issue and features many of the highlights from the NFU National Convention. Its length makes it perfect for use at Local meetings as a conversation starter, or as an introduction to NFU Conventions for non-members or for members who have never attended a Convention. Approximately 30 minutes.

**TAPE 2: ANDREW NIKIFORIK ON BSE** Nikiforuk paints a detailed and troubling picture of the U.S. meat packing system as "corrupt" and "diseased." And he exposes Canadian government complicity in our BSE crisis. Approximately 1 ½ hours.

**TAPE 3: DAVID SUZUKI ON GENETICALLY-MODIFIED FOODS** Suzuki uses his vast experience in genetics to show that our understanding of the science is still in its infancy and that government claims about making decisions based on "sound science" are nonsensical. Approximately 2 ½ hours.

We are offering **only video tapes** (not DVDs) in order to obtain maximum volume discounts on duplication. **Prices include shipping and taxes**. **Any ONE tape: $20.00, Any TWO tapes: $30.00, All THREE tapes: $40.00**

**Note that the National Farmers Union will have a limited number of the Seeds of Hope documentaries available free for loan to Local and District officials for use at meetings. These tapes are very educational and are great resources for our Seed Saver Campaign.**

# Convention audio tapes available

To order a cassette recording of the convention sessions, fill out your name and address, indicate which sessions you want, and number of copies of cassettes. Cost is $10 each. If ordering after the convention, please add $3.75 shipping charge for the first tape and $2.00 for each additional tape. SESSIONS #2, 4, 5, 6, 7, AND 9 ARE AVAILABLE ON CD FOR $12 EACH PLUS SHIPPING. Cheques or money orders are payable to: Jack Getzlaf, 1112 Avenue D North, Saskatoon, SK S7L 1N8 — Telephone: 306-665-0669

Name: ______________________________

Address: ______________________________

| Session | Circle the session number you wish to order | # of cassettes |
|---|---|---|
| 1 | Welcomes, Steering Committee Report, Opening Address: Seeds of Hope, Seeds of Division | |
| 2 | Genetically-Modified Crops: The Promise and the Peril [Hope Shand, Peter Phillips] | |
| 3 | Reports: (1) Board of Directors; (2) Youth President; and (3) Women's President | |
| 4 | The Canadian Wheat Board and the WTO [Larry Hill] | |
| 5 | The Crisis in Potato Marketing [Danny Hendricken] & Marketing strategies through CIGI [Tony Tweed] | |
| 6 | Biotechnology: The Ethical Dilemma [Dr. David Suzuki] | |
| 7 | Meat Packer Concentration and the BSE Crisis [Andrew Nikiforuk] & NFU BSE policy session | |
| 8 | Sask. Minister of Agriculture, Food and Rural Development [Mark Wartman] | |
| 9 | Panel: Privatizing Biodiversity [Brewster Kneen, Devlin Kuyek, Terry Boehm, Cathleen Kneen] | |
| 10 | Reports: (1) Women's and Youth Caucuses; (2)Via Campesina and International Committee Program; and (3) Credentials Committee; Closing Address: President | |

(16-point plan, from page 3)

unchanging livestock prices, reducing their net incomes, and forcing them into long-term reliance on Program #1 (Guaranteeing cost of production). For this reason, it is important that farmers and governments begin to slowly and predictably reduce the level of livestock production in order to increase meat prices in line with increases in grain prices.

There are many ways to reduce livestock production levels while simultaneously increasing the net incomes of the farm families who produce that livestock. Farm aid programs should be capped and targeted so that small- and medium-scale producers are protected while the largest producers are left to shoulder some of the risk of expansion and giantism. Farmers could be given incentives for marketing livestock at lower weights, thus reducing meat production without reducing herd numbers. Smaller farmers could be given preferential access to processors. Finally, Program #7 (Banning corporate farming), see below, would force a divestiture of cattle by corporations such as Cargill and Tyson, thus allowing independent family farm cattle producers to take over that production. There would be a similar effect for hogs. The net result could be that family farmers could *increase* their production and their herd sizes even as overall production is reduced to match supply. Properly implemented, government policies could reduce meat supply while *increasing* family farm livestock production and the net incomes from that production.

**6. Expand orderly marketing agencies and supply management**

The Programs detailed above will increase local and world prices for grains, livestock, potatoes, vegetables, and other food products. But a significant portion of these higher prices and returns may be snapped up by grain companies, railways, brokers, and other food-system intermediaries.

Canada's orderly-marketing institutions such as the Canadian Wheat Board and our supply management systems have helped farmers control marketing costs. These farmer-directed agencies operate on a non-profit basis, returning all market revenues to farmers (less minimal costs). Without orderly marketing agencies, higher grain prices will simply mean a windfall for Cargill and other commodity-trading transnationals. Canada should build on the successes of its orderly marketing institutions by bringing additional commodities under the authority of these agencies.

**7. Ban corporate farming and control contracting**

The Programs outlined above will go a long way to restoring profit and security to Canadian agriculture. The promise of higher and stable prices, however, will attract corporations eager for profit, and will accelerate the corporate takeover of farming.

Canada must ban the corporate ownership of land and livestock (except at minimal levels needed to facilitate processing). U.S. states such as Iowa have "anti-corporate farming laws."

But a ban on land and livestock ownership is not enough because, increasingly, corporations are gaining effective control of livestock and other produce through contracts. The federal government must work with the provinces to review agricultural contracts and to find ways to confine the allowable terms of those contracts to those reasonable and necessary for sales transactions (to facilitate processing) and minimal risk management.

**8. Control transportation costs for grain movement**

In western Canada, grain transportation costs are a major expense for farmers. The shift away from moving grain by train on branchlines to increased use of semi-trailer trucks on rural roads has shifted costs onto

(continued on page 6…)

(16-point plan, from page 3)

farmers and rural communities. Perhaps no other policy decision has had a greater negative impact on western farmers' income than the ending of the Crow benefit and the legislative changes made to transportation.

Several measures are needed to help farmers, including:

- The federal government should conduct regular costing reviews for railways. This would again allow farmers to share in the benefits of railway efficiency gains.
- Federal and provincial governments should protect branchlines, sidings, and switches so that farmers can retain effective access to producer cars and, hence, retain some discipline on elevator tariffs.
- The federal government should transfer ownership of the government hopper car fleet to farmers through the Farmer Rail Car Coalition (FRCC). This would save producers between \$2 and \$3 per tonne. On 25 million tonnes per year, that amounts to a saving of \$50 to \$75 million per year.
- The government should stop any move by railways to move to a "service for fee" system, which would erode statutory levels of service requirements for the railways.
- Governments at all levels must renew their emphasis on the use of railway branchlines to lower farmers' costs, thereby contributing to higher net farm incomes.

### 9. Control supermarket and processor power

The preceding eight Programs will create farm prosperity. But farmers are just one part of our food system. Any ag. policy overhaul must respect the needs of the vast majority of Canadians who are non-farmers, and who must buy their food. And such respect means disciplining food retailers and processors: dealing with the growing wedge between what farmers receive and what consumers pay.

If we succeed, through the Programs outlined above, in raising farm-gate prices to fair and sustainable levels, Supermarket CEOs will claim that these higher farm-gate prices necessitate higher grocery store prices. This claim is preposterous. In 1975, from the price of a loaf of bread, the farmer received a nickel, and the millers, bakers, and grocers took 38¢. Today, the farmer receives the same nickel and the millers, bakers, and grocers take \$1.35. While the farmers' 5¢ share has remained unchanged, corporate millers, bakers, and retailers have upped their share by almost a dollar. If farmers need another 5¢ per loaf, must that nickel come from consumers? Or could it come from the processors' and retailers' new-found dollar?

The unchecked power of processors and retailers and the destructive pricing practices that this power makes possible are significant factors in creating Canada's farm crisis, in raising food costs, and in spreading hunger in Canada. It would be outrageous if these retailers and processors were allowed to hike retail food prices because of a small and long-delayed increase in farm-gate prices.

If federal and provincial governments allow retail giants to push 150% of farm-gate price increases onto consumers, the poorest Canadian families will be hurt unnecessarily. On the other hand, if governments curb retailer and processor profiteering, all Canadians will benefit from lower food costs and a more competitive, efficient, and dynamic economy.

### 10. Labelling

In terms of ending the farm crisis, one of the cheapest measures may be one of the most effective: The federal government should require that food labels disclose "the farmers' share." Toronto dentists, Halifax teachers, and Vancouver parents, struggling to understand why farmers need annual tax-funded bailouts, would gain valuable insights if, each time they paid $1.40 for a loaf of bread, they were reminded that the farmer got only 5¢ and the remaining $1.35 went to retailers and processors.

Other labelling information would be equally valuable in helping Canadians understand their food system and make sound choices. The federal government should also implement mandatory food product labelling that would disclose:

- the presence of genetically-modified (GM) ingredients; and
- the country of origin of the food or its significant ingredients and the number of "food miles" that a product has travelled.

**11. Organic and local**

As noted above, organic farmers and those who minimize input use are able to hold onto more of their profit dollars. And organic farmers can earn premium prices. Organic food can also have significant health and nutrition benefits for all Canadians, especially children. And organic food can have environmental benefits as well, and so can local food, because such food minimizes fossil fuel use and, thus, climate change.

Canadian governments should pursue a push-and-pull strategy with regard to local and organic food. Program #4 would give would-be organic farmers transitional funding and it would fund research into alternatives to energy- and chemical-intensive farming. In this way, organic acreage and production can be increased. And program #10 (labelling food) would help consumers choose local, organic, and non-GM food alternatives, thus increasing demand to match increased supplies of these foods.

Helping redirect farmers away from volatile, low-price export markets (more on trade policy below) and helping farmers instead focus on stable, high-price local markets could put billions of dollars in the hands of our family farmers, significantly ease the farm income crisis, and stabilize and, perhaps, increase the number of family farms in Canada.

**12. Young farmer entry and intergenerational transfer programs**

After restoring farm and rural prosperity, the next step is to ensure that young, beginning, and small-scale farmers have opportunities to enter farming and to expand to a size required to financially support a family. A selection of federal and provincial policies that could aid the entry of new farmers and ease intergenerational transfer include:

- Changing the process whereby milk, egg, and poultry supply management quota is allocated—basing allocation less on "ability to pay" and more on allocation targeted toward young, beginning, and small-scale farmers;
- Help fund community land trusts and land banks that could help new farmers enter farming and small-scale farmers expand to a sustainable size;
- Create mentoring programs in small-scale livestock production, organic agriculture, input-reduced agriculture, etc. The dominant model of agriculture is defective and economically draining. Farmers need to be exposed to a diversity of models so that they can restore prosperity and sustainability on their farms.

Most critical, is that Canada create a farm transfer program. Canadian farm families have been forced to pursue a dangerous and profit-draining course: forced, nearly every generation, to refinance some or all of their assets with banks.

*(continued on page 8…)*

An alternative to this generational re-mortgaging of our farms could be a Registered Family Farm Transfer Fund (RFFTF). The NFU brief contains a detailed proposal for how such a program might work. Very simply, participating families could make tax-sheltered deposits that would be matched by government if the family decided to transfer its farm to the next generation. Additional work on this concept could explore how the RFFTF could be structured more like a Canada Pension system wherein funds are held collectively and retiring farmers had access to more money than they themselves may have contributed.

**13. Support rural communities**

Farmers are not the only ones who live in rural Canada. To the contrary, the vast majority of people in Canada's thousands of towns and villages are non-farmers. And while farm prosperity will go a long way toward restoring financial vitality of these towns and villages, additional federal and provincial policies could be very helpful.

The Canadian government should explore measures to decentralize the Canadian economy and to build the infrastructure needed to support high-value jobs in rural and remote communities.

Such initiatives could include decentralizing Canada's colleges of agriculture and its ag. research. Both moves would be made even more effective if government agriculture research funding was increased.

**14. Food trade policies**

Moving from the local to the global, Canada must re-examine its evangelic zeal for export expansion, trade agreements, and globalization.

As stated above, Canada has tremendous potential to build agricultural prosperity by focusing on local markets. The relative stability of our supply-managed dairy, poultry, and egg farms demonstrates this. And the evidence shows that our focus on export agriculture has been a failure. To help end the farm income crisis, Canada must redirect its focus away from export markets toward domestic markets.

Finally, a redirection toward domestic production could take place without depriving family farms of markets or production opportunities. As noted above, if Canada outlawed large corporations from producing livestock, family farms would have to *increase* their production and sales. And this can happen hand-in-hand with a move away from export production. A supply-managed hog production system—focused solely on the Canadian market and without huge corporate producers—would require significantly *increased* production by family farm hog producers. And that production could take place at prices that guarantee farmers recover their costs of production. The same could be true for cattle production: focus on the domestic market and remove Tyson and other corporate players from cattle production, and family farm cattle production would have to increase.

Refocusing on domestic production—taken alongside a move to expel large corporate producers—is an opportunity for farm families to regain control of food sectors that are now being taken over by non-farmer corporations.

**15. End hunger in Canada**

It is probable that Canada contains more stored food per capita than any other nation on Earth. Yet some Canadians still go hungry, and our food-banks are multiplying. If simply increasing production and supplies could eliminate hunger, than there would be no hunger in Canada. Clearly, the problem is more complex.

*(continued on page 10…)*

# MAKE THE RIGHT CHOICE

## The National Farmers Union

The **NFU** is pleased to offer a **Health and Dental Plan** to all **members**, their families and spouses.

We all deserve some peace-of-mind when it comes to our health. Now, the NFU offers the membership outstanding health protection. Manulife Financial, a major health provider in Canada, has specially designed plans for individual farmers, farm corporations and employees who are not covered by group health plans.

### Comprehensive and Affordable Coverage

- Prescription Drugs
- Dental Care
- Vision Care
- Hospital Benefits
- Registered Specialists & Therapists
- Medical Equipment and Supplies
- Ambulance, ground and air
- Accidental Death & Dismemberment
- Homecare and Nursing
- Hearing Aids

And much more.

The **NFU Health & Dental Plan is affordable**. A single adult, under age 44 years, can receive comprehensive health care coverage for as little as $46.00* per month.

**To find out how you can insure yourself against costly, routine and unexpected health expenses, call:**

**Bilyea Financial Group**
**www.bilyea.com/nfu/**
**Toll-free: 1-800-584-2338**

Manulife Financial

*Monthly premium based on the Base Plan for Ontario residents, as of February 2005.
Plan underwritten by The Manufacturers Life Insurance Company.
Manulife Financial and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and are used by it and its affiliates, including Manulife Financial Corporation.

(16-point plan, from page 8)

Every human has the right to food. In countries like Sudan, the government may not have the ability to guarantee that right, but in Canada we can. It is the clear responsibility of the government of Canada to ensure that every Canadian has sufficient food. Canada should explore initiatives such as Brazil's "Zero Hunger" (Fome Zero) policy. While Brazil, with its tens-of-millions of poor may be challenged to realize its goal, a wealthy and food-rich nation such as Canada should find it relatively easy to guarantee zero hunger.

**16. Deal with the growing epidemic of obesity, diabetes, and other health problems created by our food system**

Nutrition means more than just "safe food". In current parlance, irradiated pizza pops are "safe" as long as they don't include levels of bacteria or other toxins above certain approved levels. But millions of Canadians are dying early because of health problems created from eating this "safe" food. In order to protect the health of its citizens and deal with rising healthcare costs, Canada must implement policies that deal with the growing number of pathologies produced by our food system.

Policies outlined above—local and organic food, better labelling, reduced chemical use, lower food prices, and concrete steps to deal with hunger—will go part way toward reducing the death toll created by our food system. The NFU would welcome further ideas from Canada's governments on this issue.

## Conclusion and summary of costs and benefits

The preceding list of Programs is long and detailed and, even at that, not exhaustive. But at the core of most of these programs are two key ideas: farmers must cease trying to maximize production and exports (they must abandon systems that maximize input and technology and capital use); and governments must work with farmers to rebalance market power between our family farms and the agri-business transnationals that control the other links of the agri-food chain. If we accomplish these goals, farmers will enjoy dramatically-increased net incomes and Canada will enjoy prosperous rural areas and improved and more sustainable economic performance.

The time has come to speak plainly about the farm crisis: current government and corporate policies will destroy the family farm within this generation. We have already seen 11% of our farms lost between the 1996 and 2001 censuses. That trend will cut the number of family farms in half by 2025. Farm families are caught in a pincer: the farm income crisis is bearing down on them from the one side, and corporate takeover is bearing down from the other.

Farm aid money is an appropriate bandage for short-term economic downturns. However, the primary problem farmers now face—corporate market power and the subsequent imbalance in the allocation of profits within the food system—has become a chronic problem, a seemingly-permanent part of the farm policy landscape. As such, farm aid money is no longer appropriate. The appropriate action is to solve the problem, not to continue placing bandaids and administering transfusions while all the time refusing to speak the name of the disease or to take courageous action to cure that disease.

The Programs listed above, or similar programs designed in consultation with Canadians, can solve the farm income crisis and end the era of aid that has hurt farmers and taxpayers alike. Farm families urge any politician who believes that he or she has a duty to act in the public interest to examine the solutions listed above and to help solve Canada's farm and food crisis.

— nfu —

# NFU says no to second-tier role in SSR

*As Union Farmer readers will know, the Seed Sector Review (SSR) is a narrow, industry-led initiative dominated by corporate seed companies and commodity groups. SSR reports muse about such things as how to collect royalties on farm-saved seeds, and how to raise the price of common seed in order to make certified seed "more economical."*

*The SSR has proposed creating a National Seed Sector Round Table. The NFU received an invitation, dated December 9, to participate in that Round Table process. Here is part of the NFU's January 26 response, addressed to Minister of Agriculture Andrew Mitchell.*

Dear Minister Mitchell,

The NFU is eager to work with a broad range of groups to develop recommendations that will benefit farmers, but the NFU has deep reservations about the structure and direction of the SSR and its proposed Round Table.

Four organizations make up the Seed Sector Review: the Canadian Seed Growers Association, Canadian Seed Trade Association, Canadian Seed Institute, and the Grain Growers of Canada. Many have overlapping membership or interests. In their proposed Round Table, these four organizations (the "SSR4") are not really offering any expansion or broadening of their current process. Their Round Table proposal is carefully contrived to leave the SSR4 in charge and to keep on track the overhaul of the seed and quality system already detailed in their reports.

The SSR4 has invited the NFU and the Canadian Federation of Agriculture to participate only in a second-tier process. The SSR4 will form a Steering Committee and remain in charge of interpreting the results of the second-tier Round Table process and communicating any results to government. The small Steering Committee will:

- Choose the stakeholders to participate in the Round Table;
- Develop the agenda for meetings of the Round Table;
- Be the "primary interface" with government;
- Communicate the "consensus recommendations" of the Round Table to government.

But the SSR4 have gone even further to ensure that no views emerge from the Round Table process that are not fully in line with the direction they have already chosen and detailed in their reports. The SSR4 have stacked the membership of the Round Table to ensure their continued control of the debate and its outcomes and recommendations.

The SSR4 propose a Round Table of 24 members. Two members will be representatives of provincial governments—asked to represent four or five provinces each. For this reason, these provincial reps will find it very hard to intervene on most issues. That effectively leaves 22 members. A careful reading of the proposed membership shows that the SSR4 have assigned themselves at least 15 spots at their Round Table—over 2/3 of the seats. Page 9 of their December 2004 discussion includes the following list of members:

- 3 members from the Canadian Seed Growers' Association
- 3 members from the Grain Growers of Canada
- 3 members from the Canadian Seed Trade Association
- 4 members who are the Executive Directors of the SSR4 organizations
- 1 member who is the Secretary Manager of the Seed Sector Consultative Process Secretariat
- 1 member who represents private seed breeders (almost certainly a representative of a member organization of the Canadian Seed Trade Association)

*(continued on page 12…)*

To this list of 15 representatives drawn from SSR4 organizations, one could add the following Round Table members who could almost certainly be counted on to be very supportive of the current SSR direction:

- 1 member from the Canadian Seed Analysts Association (whose membership includes multiple representatives from Pioneer Hi-Bred, Monsanto, Syngenta, the Canadian Seed Trade Association, and other SSR4 members).
- Croplife Canada (an industry organization whose members include BASF, Bayer, Cargill, Dow, DuPont, Monsanto, Pioneer Hi-Bred, Sask. Wheat Pool, Syngenta Seeds, etc.)

After granting themselves more than 2/3 of the seats on the Round Table, the SSR4 then go on to define consensus as support by "not less than two-thirds" of those present. Support for a position will be interpreted broadly as "those who support and those who are not against a proposition."

Effectively, the SSR4 have given themselves nearly 70% of the seats on a body that feeds recommendations to a second body, on which the SSR have given themselves 100% of the seats, and which then communicates with government.

To further highlight the imbalance or representation on the Round Table, the Grain Growers of Canada will receive four spots (actually 4¼). The Canadian Federation of Agriculture will get only two, and the National Farmers Union just one. The corporations and commodity organizations that make up the Seed Sector Review seem genuinely afraid of the recommendations that might emerge from a broad and balanced consultation with farmers and others whose livelihoods depend on prudent and fair regulation and direction within Canada's seed and research systems.

Minister Mitchell, the NFU is committed to working with you and the Canadian Food Inspection Agency (CFIA) to develop legislation and regulations for the seed industry. However, we do not feel that the Seed Sector Review and their invitation forms the proper basis for such discussions. In fact, enough confusion has been created that some people think that the Seed Sector Review is actually part of the government of Canada. This confusion may or may not have been deliberately created, but it is magnified by the Seed Sector Review office being housed in the CFIA building. Unless the CFIA is consciously privatizing out some of its core services to the Seed Sector Review, we would suggest that the Seed Sector Review be asked to find appropriate office space in another location. We urge the federal government to reconsider its funding and support of the narrow, industry-led Seed Sector Review process.

*The SSR had been asked to find new office space.*

## Market power, according to the powerful

"You can't have farming on a total laissez-faire system because the sellers are too weak and the buyers are too strong"

—Dwayne Andreas,
President of Archer Daniels Midland
at the time of the quote [1996].
As quoted in *Against the Grain*,
Richard Manning, 2004, p. 145

# Farmer's Privilege?

In the ongoing debate about Plant Breeders' Rights (PBR) and how it will affect farmers, perhaps the most controversial area is the issue of "Farmer's Privilege". Canada currently has Plant Breeders' Rights legislation which is patterned on an international convention known as UPOV (Union for the Protection of New Varieties of Plants) '78. There is a move by government and pressure by the Canadian Seed Growers Association, Canadian Seed Trade Association, seed companies, and the Grain Growers of Canada to change our legislation to the much more restrictive UPOV '91 version of Plant Breeders' Rights. It is being sold to farmers and to the public that this is required for Canada to have access to improved varieties and that it enshrines "Farmer's Privilege" which would allow farmers to save and re-use seed. On the surface, this sounds good and proponents of UPOV '91 would like the debate to stop there. However, as with most things, when one understands the details, "Farmer's Privilege" is at best a temporary reprieve and in reality a means to a very miserable end.

Farmers cannot imagine that they would not be allowed to save, re-use, exchange or sell seeds to a neighbor and plant a crop with the harvest being theirs and theirs alone. UPOV '91 wants to change all of that. This change will happen by Breeders' Rights which will trump "Farmer's Privilege" every time or make it so expensive farmers will not bother to save seeds any longer. The first right plant breeders will have is the so-called cascading right. This right gives plant breeders the ability to collect royalties beyond the seed itself to harvested material (crops) and even processed products. This would mean that if the farmer had a protected variety, royalties would be collected at the time when he sold his crop. No one is defining how high the royalties would be and what would be done with them. It is not clear if the farmer would be responsible for the royalties for the seed it took to produce that crop or for the whole crop. These things are conveniently undefined and would be left for the courts to determine. This is a very expensive proposition for farmers. The object is to make farm-saved seed uneconomic when its use can trigger royalties. The next right is the ability for breeders to control the conditioning (cleaning, treating etc.), stocking (storing), sale, import, and export of seed. This is where it gets particularly thorny. If a farmer cannot get his seed cleaned, he will not plant it. If he cannot store grain for the purpose of seeding, how can he exercise his so-called privilege? Under our present Act, the breeder has the exclusive right to sell seeds of their variety but no right to control cleaning and storing.

In UPOV'91, the burden of proof shifts to the farmer to prove variety. For example, the farmer would have to prove he did not have company "X's" variety in any dispute. Threats of court action will cause farmers to try to avoid this dilemma by purchasing pedigreed seed to prove variety. The gene patent dispute in the Percy Schmeiser case confirms this. The fact is that most canola farmers in western Canada purchase seed on an annual basis at very high prices in no small part to avoid litigation. The mere possession of seed could trigger liability whether the farmer planted it or not. As control extends through stronger Plant Breeders' Rights, an increasingly concentrated seed industry will use contracts not allowing farm-saved seed as a stipulation to accessing new varieties. These are transitional measures which will facilitate the final control of seed, agriculture, food, and, ultimately, the choices we will have. It should be noted that the federal government is withdrawing from variety development to leave this completely in private hands with all future varieties—if UPOV'91 comes into force—having Plant Breeders' Rights and the possibility of

*(continued on page 14…)*

(*Farmer's Privilege*, from page 13)

double protection through patents. UPOV'91 would extend the term of Plant Breeders' Rights to 20 years, although the government is seriously looking at going beyond that to 25 years. If this is not enough, the federal environment department recently tried to lift a de facto international moratorium on the use of sterile seed technologies commonly known as "Terminator" technology. Seed and agriculture are too important to let a few transnational companies own and control. If farmers do not want to become serfs, they need to fight this with all of their energy. We need only look to Mexico to see how absurd this can become when farmers in Chiapas state can face 9 years in prison for reusing Roundup ready soybeans for seed.

Canada has no obligation under international trade agreements or treaties to move to this legislation. There are only 50 countries in the world with Plant Breeders' Rights legislation of which 30 have the more restrictive UPOV'91 version. Many of those have brought this in only in the last two years. This is out of approximately 180 participating countries in the WTO. The choice the government of Canada is giving us is to pay high prices to rent private seed while withdrawing from public varietal development. Plant Breeders' Rights and identity preservation contracts with small premiums at first are the tools to entice farmers to final enslavement through closed-loop contracts. Slaves worked for nothing. Farmers of today and the future will pay for that enslavement. Perhaps this is what "Farmer's Privilege" really means. — nfu —

# The Agribusiness Examiner

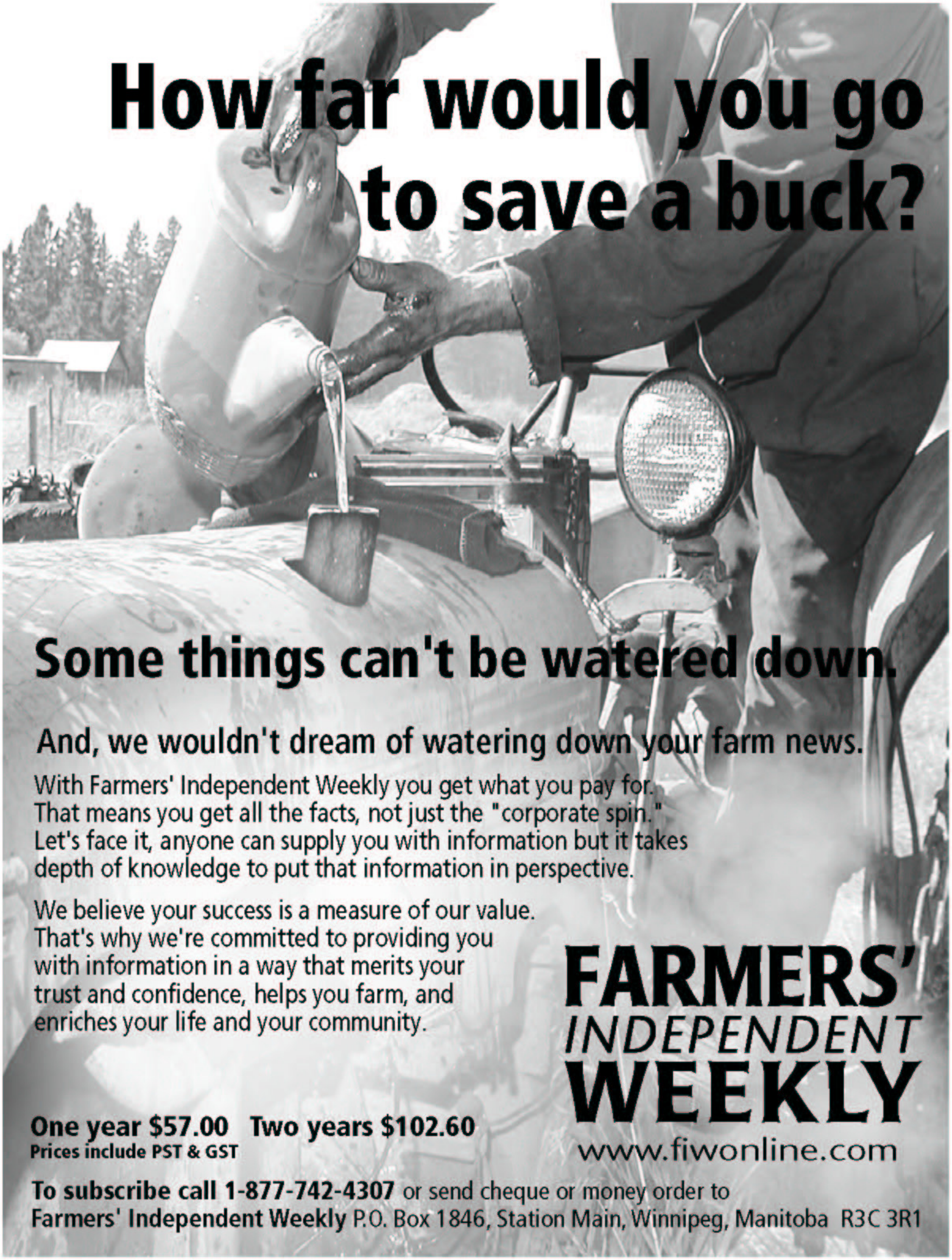
Al Krebs has been working on behalf of family farmers for decades. His book, *The Corporate Reapers*, is an encyclopaedic overview of corporate greed and government policy failure. His latest and ongoing venture is a regular email newsletter called the Agribusiness Examiner. You can see back issues at http://www.electricarrow.com/CARP/agbiz/examinder1.html

And you can subscribe to the Examiner by sending an email to avkrebs@earthlink.net

Subscriptions are free, but if you value the content, please consider sending a voluntary payment to Al.

**WANTED:** Used dirt-bike suitable for 9 year-old.

Contact Joan Lange at (306) 254-4402 [Dalmeny] or email lange@nfu.ca


How far would you go to save a buck?
Some things can't be watered down.
And, we wouldn't dream of watering down your farm news.
With Farmers' Independent Weekly you get what you pay for. That means you get all the facts, not just the "corporate spin." Let's face it, anyone can supply you with information but it takes depth of knowledge to put that information in perspective.
We believe your success is a measure of our value. That's why we're committed to providing you with information in a way that merits your trust and confidence, helps you farm, and enriches your life and your community.
FARMERS' INDEPENDENT WEEKLY
www.fiwonline.com
One year $57.00 Two years $102.60
Prices include PST & GST
To subscribe call 1-877-742-4307 or send cheque or money order to
Farmers' Independent Weekly P.O. Box 1846, Station Main, Winnipeg, Manitoba R3C 3R1

Publication Agreement No. 40063391
Postage Paid at Muenster, Saskatchewan

# Small potatoes

By the time you receive this newsletter, the NFU will have completed its brief to the PEI government regarding a proposal to designate PEI free of genetically-modified (GM) crops. That brief examines the alleged benefits of GM crops. One benefit claimed by GM-crop boosters is that better-performing GM seeds will lower farmers' costs and raise their yields, thereby increasing net farm income.

The graph below shows that PEI potato yields have gone up steadily for years—as a result of better potato seed varieties and of increased use of inputs. But while yield has gone up, net farm income from the markets has gone the opposite direction—spending 5 of the past 7 years in negative territory.

Better seeds and technology may drive gross farm revenue up, but fewer, larger, less-competitively-disciplined, and more powerful seed companies will interact with similarly-ascendant corporations in other agri-food sectors to drive net farm income down. The federal government's failure to distinguish between policy effects on gross revenue versus the effects on net income—and the simplistic and unempirical assumption that these two financial measures will move in parallel—is a spinal cause of our farm income crisis. While gross farm revenue may be affected by seed yield or performance, net farm income is determined by market power.