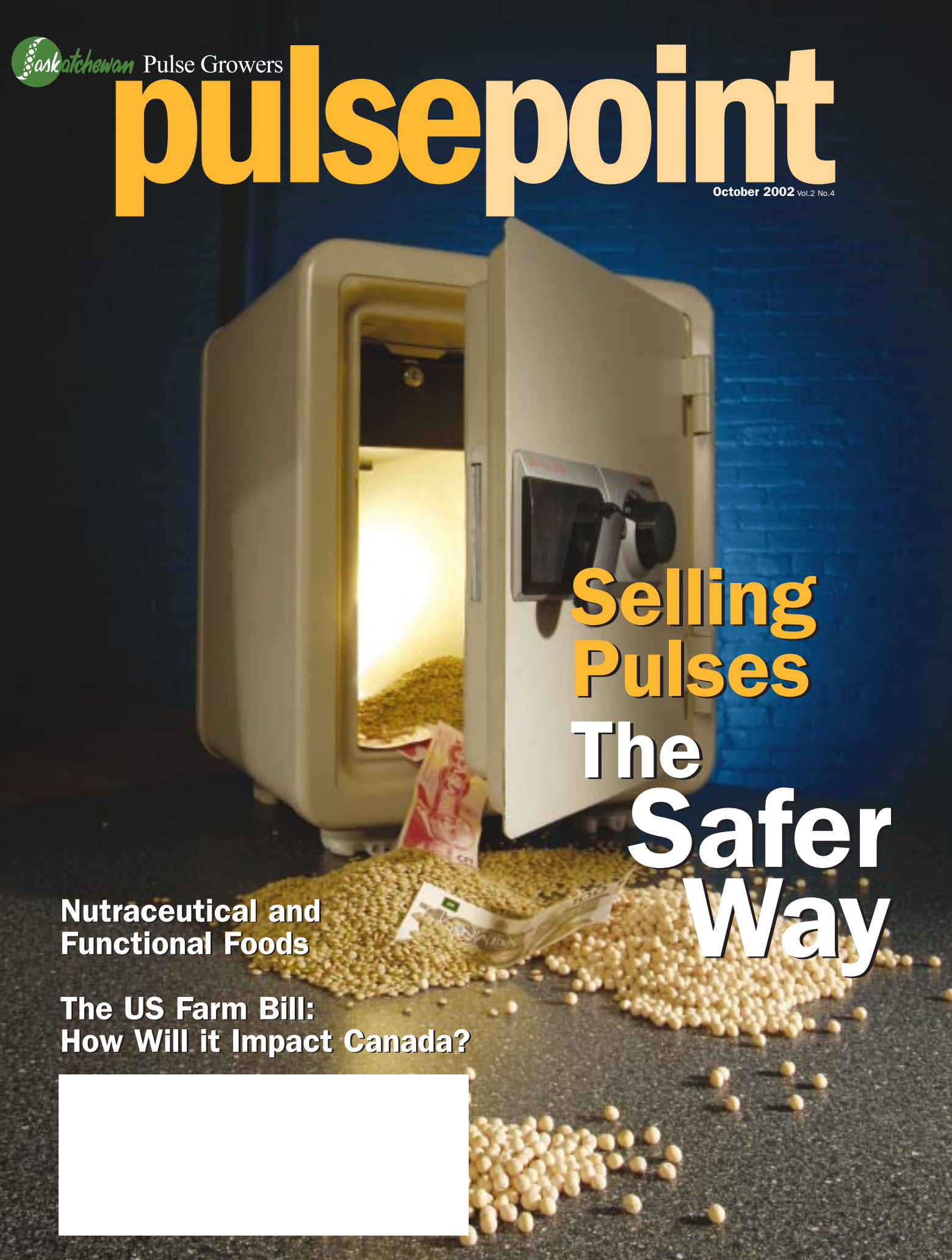
Saskatchewan Pulse Growers

pulsepoint

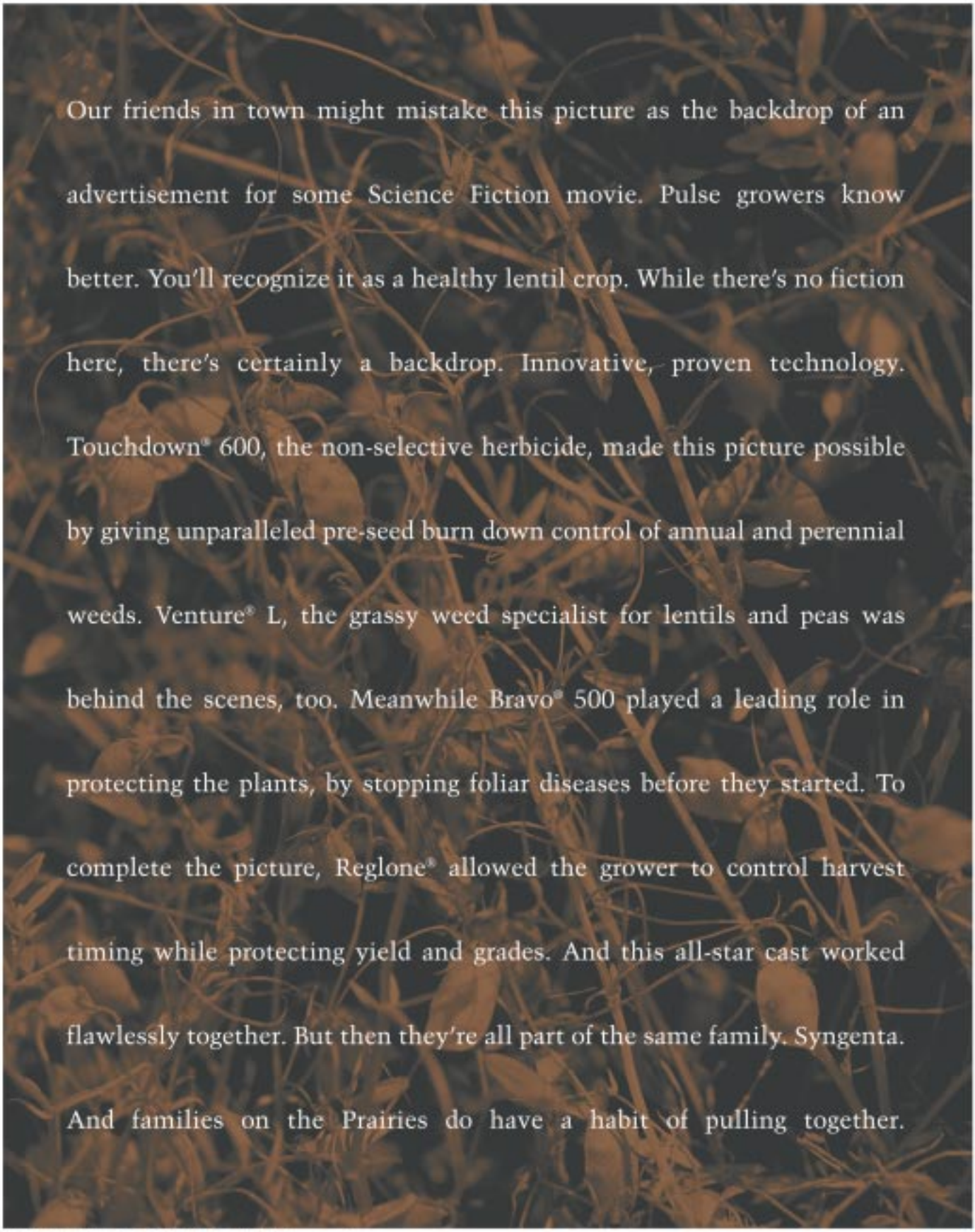
October 2002 Vol.2 No.4



Selling Pulses The Safer Way

Nutraceutical and Functional Foods

The US Farm Bill: How Will it Impact Canada?



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Glenn Annand
Chairman of the Board

Facing The Challenges Ahead

Our pulse industry is facing a very difficult marketing season due to our second consecutive year of low production and the recent bankruptcies of three pulse buyers. At the time of writing, it appears that pulse yields could be as low as 50% of average. Quality has also suffered due to late-season rains.

These low volumes and poor quality will result in significant financial losses for many growers and increase the risk of more bankruptcies of processors and buyers. In this issue, Donna Welke's article informs growers about how they can reduce the risk of non-payment. (see page 5)

The SPG Board activities over the years have concentrated on the issues that have long term impact: research, crop protection, market development. Weather problems and product pricing are annual issues that we have to consider, but we have little impact on them. We have tried to see that systems are in place to reduce the impact of short-term problems, both on your long-range goals and on SPG's long-term activities. Our current priorities are:

1. **Producer Risk Management.** There are two issues here: crop insurance and payment insurance. The Board is concerned that crop insurance is inadequate for pulse crops. We will be addressing this issue with Saskatchewan Crop Insurance in the fall. In addition, we are very concerned about the losses producers have suffered in the recent bankruptcies and will be working with the Canadian Grain Commission to review possible solutions.
2. **North American Crop Protection Strategy.** SPG has been instrumental in bringing together Pulse Canada and the USA pulse industry to develop a common strategy to increase grower access to safe crop protection products. We will continue to participate in this process.
3. **Research.** The Pulse Canada Research Strategy is the key to increasing our profitability. New markets can be created through plant breeding and the development of new uses. We are reviewing our expenditures in all areas to maximize the funds available for new research. Both Pulse Canada and SPG are expending significant time to ensure that Federal and Provincial decision makers support this strategy. Fundraising efforts for the pulse field lab will be stepped up with the hope of starting construction in 2003.
4. **International Market Development.** We will continue to be the primary supporter of Pulse Canada in its efforts to increase food and feed markets for Canadian pulse crops. Pulse Canada is currently doing a strategic review of its programs to determine if any changes in direction are needed.
5. **Policy Development.** The Board will continue to increase its efforts to influence policy issues impacting the pulse industry. This includes the areas of transportation, commercialization of pulse varieties, the Federal agricultural policy framework and the US Farm Bill.
6. **Communications.** We plan to increase our efforts to tell pulse producers about market opportunities and what the Board is doing with checkoff funds. Key Federal and Provincial government policy makers will also be targeted with information intended to increase their understanding of our industry.
7. **Fiscal responsibility.** We plan to help staff review our priorities, budget projections and our accumulated reserve to keep SPG on track. We also will look at a number of levy collection issues that will make it more efficient and equitable.

Although the droughts in 2001 and 2002 caused major setbacks to our industry's growth, we believe that a $2 billion pulse industry is achievable through attention to the long-term issues – and favourable weather.

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Saskatchewan Pulse Growers

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Staying Strong

These are turbulent times we're living in, with production challenges, processors under pressure, and an ever-changing marketplace. In this issue, Pulse Point looks at three areas to help pulse growers stay strong and stay on top:

5 Selling Pulses the Safer Way
Are you at risk selling this year's pulse crop? Find out how to ensure payment and reduce your financial risk.

11 Growing Pressure on Western Canadian Pulse Processors
Drought, competition and tight margins are making it difficult for processors in the pulse industry. What's ahead in 2003?

20 Nutraceutical and Functional Foods
Pulse products are a natural fit in the multi-billion dollar natural health industry.

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3 Chairman's Message
Glenn Annand reviews the Board's priorities in a challenging year.

9 Special Supplement: Registered Pulse Buyers
Once a year, SPG prints the list of companies that register with us as buyers.

14 Pulse Checkoff Eligible for Tax Credit
Because a part of the checkoff goes to support research, producers can now claim a tax credit on the levy they've paid.

15 Agri-Food Council Established
A new council has been created to ensure accountability of the Boards established under the Agri-Food Act.

16 $1.5 Million Toward Pulse Field Lab
Agriculture & Agri-Food Canada has announced $1.5 million in funding for the new pulse research lab.

17 Field Day Report
Over 270 producers had a first-hand look at ongoing pulse research at Scott, SK.

19 2003 Board of Directors Nomination Form
If you're a registered pulse producer, here's your chance to run for the 2003 Board.

22 Working For Growers
Garth Patterson outlines the significant accomplishments – and disappointments – of Saskatchewan Pulse Growers over the past year.

27 On Point
Get up to date on what's happening with Saskatchewan Pulse Growers.

29 Pulse Days 2003
Make plans to attend the pulse industry's biggest and best grower conference.

32 Call for Resolutions
Do you have something to bring forward at the Annual General Meeting? Get your resolutions in before January 2, 2003.

32 Calendar
Take a look at what's coming up in the months ahead.

33 The US Farm Bill: How Will It Impact Canada?
Holly Mayer of the George Morris Centre points out implications of American agriculture policy.

36 Extension and Research
Dry bean production is poised for growth in Saskatchewan, but it hinges on the supply of good-quality, disease-free seed.

38 Closing Thoughts
SPG Executive Director Garth Patterson comments on the new pulse checkoff.

by Donna Welke

Selling Pulses the Safer Way

IN BRIEF

Selling your crop these days can be risky business. Find out how to protect your assets.

Only death and taxes are sure

things, but there are some safeguards that will help ensure payment and reduce your financial risk:

1. Deal only with licensed grain companies.
2. Get the proper documents.
3. Find out the facts.

Deal only with licensed companies

You can find out if a company is licensed and bonded by calling the CGC, calling the Assistant Commissioner's office, checking the CGC website or checking the Saskatchewan Pulse Grower's list. You may be delivering to a licensed primary elevator or a licensed grain dealer.

If you are working with a broker, tell them you want to contract with a licensed grain company. You may be delivering to a local cleaning plant that is acting as an agent for a licensed grain dealer. If you have a contract with the licensed grain dealer, you are still delivering to a licensed company.

* ***Remember: Take the time to check that a company is licensed and bonded.***

Get the proper documents

Receipts, receipts, receipts. When producers call me about payments or lack of payment, the first thing I say is, "Please send me a copy of your grain receipt".

If there is one message I would like to give you, it is to obtain your authorized receipt! This is not a scale ticket or a weighing receipt. When you deliver grain, make sure you get one of these: grain receipt, primary elevator receipt, cash purchase ticket, special bin elevator receipt, interim primary elevator receipt, drying receipt or cleaning receipt.

Under the Canada Grain Act, any purchaser of grain is required to give a CGC-authorized form of receipt. If the farmer has this receipt, it is proof of delivery.

If you look at the sample receipt (see Figure 1), it will have the logo and full name of the company. This should be the company you are selling to.

Some companies do not have facilities on the prairies and they may ask you to deliver to their agent. Delivery of grain to an agent of

continues on page 7

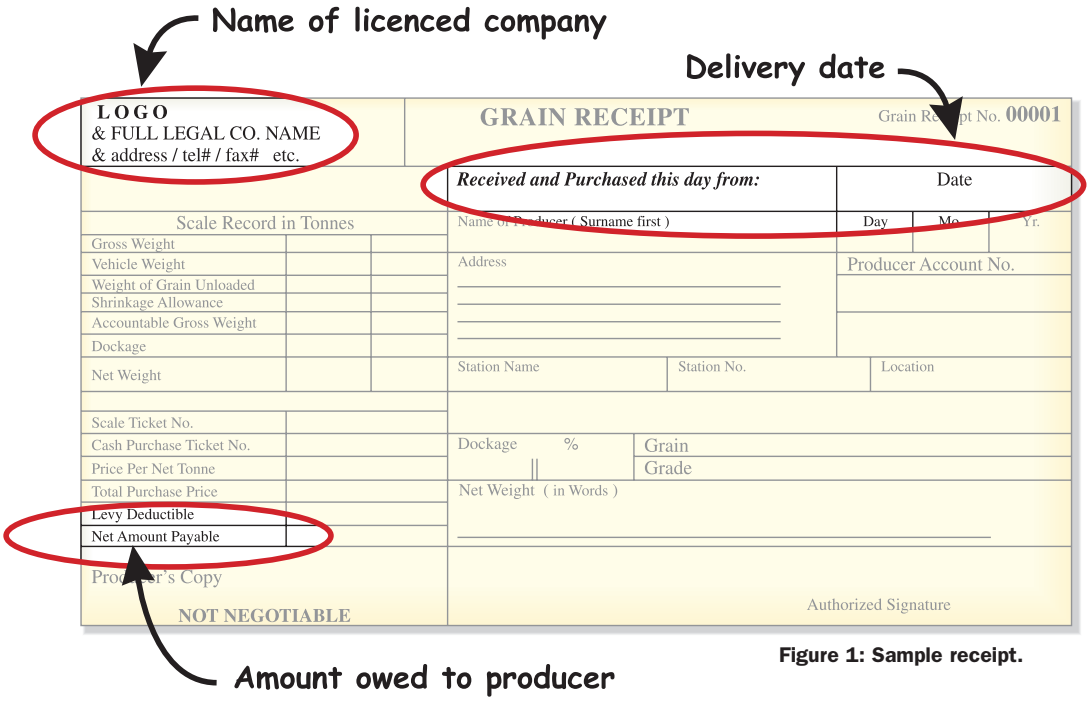

Figure 1: Sample receipt.

FREQUENTLY ASKED QUESTIONS

Am I covered if I defer my payment? The CGC recommends that you do not defer payment on non-board grains. Your deadline is 90 days from delivery. You must cash your cheque within 30 days of when it was written – not when it was dated. This means you are not covered when you defer payment past 30 days. You are covered when you deliver grains handled by the CWB at a primary elevator because the money is in trust and the CWB will sell your grain and pay you.

**** Remember: Don't defer payment on non-board grains.***

**** Remember: Grains handled by the CWB will be covered when you deliver to an agent of the CWB.***

What grains does the Canada Grain Act cover? The Canada Grain Act lists the following grains: barley, beans, buckwheat, canola, chickpeas, corn fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale, wheat.

Crops such as canary seed, forage seed, grass seed, hemp seed, millet and coriander are not considered grains under the Act and are not covered even at a licensed and bonded company. Several producers and producer groups have asked the CGC to put canary seed under the Act and it is under discussion. An initial report will be presented to the Standards Committee in the fall and consultation will take place with producers and producer groups. If you would like to see canary seed included, let us know.

**** Remember: Receive immediate payment and deal with reputable companies when selling crops such as canary seed that are not protected under the Act.***

Am I guaranteed 100% of my money back if I follow the rules? I started out by saying that only death and taxes are for sure and that can be the case here. Most often in the past, eligible producers have received 100% of the money owed to them, but it can happen that a producer will only receive a percentage.

Having a license does not guarantee that a company will not run into financial problems. I will briefly describe the procedures and requirements that the CGC has in place.

A licensed grain dealer is required to post security that is equivalent in value to 100% of its outstanding liabilities, based upon monthly reports and/or audits. The amount of the bond is determined by an audit of the company's purchases. The CGC conducts an annual review of the company's financial position and random audits. Companies provide monthly reporting statements and may be requested to increase their bond. Liabilities are reported at the end of each month, but a company may have aggressively purchased beyond their security limit at any point during that month and the CGC would not know.

**** Remember: You can help by notifying the CGC of any problems you are having in obtaining prompt payment.***

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a licensed grain dealer is considered to be a delivery to the licensed grain dealer and you must obtain your proper receipt. Sometimes the agent will issue the receipt on the company's behalf or it may be faxed from head office. This must be done in a timely manner.

The Canada Grain Regulations state that a receipt is to be issued upon receipt of grain delivered, so several weeks later is not acceptable. If you ask for your receipt and do not receive it, call the Assistant Commissioner or the CGC licensing division in Winnipeg.

* ***Remember: Ask for your grain receipt from the company that is paying you for the grain.***
* ***Remember: Scale tickets do not support a claim against security.***

Find out the facts

On your grain receipt, there will be a delivery date. You are protected for 90 days from this date. This means that if you have not received payment, you must notify the CGC within the 90 days.

If you request payment and the company fails to pay you, you must notify the CGC within 30 days. This also means you have 30 days to cash your cheque as NSF is considered failure to pay. If this is confusing to you, just call anytime you want to check your facts.

Contracts: Terms and Conditions

No discussion about selling pulses would be complete without discussing contracts and the terms and conditions. Once you have chosen the company that you wish to do business with, it's time to set up your contract. You will probably write a delivery or a production contract. Your contract is with the licensed company even if you work through an agent or a broker.

You can change, add or delete as long as you and the company agree and the changes are initialed and signed by both parties. A signed contract is binding on both parties. Avoid verbal contracts – which are considered legal – but the terms are always difficult to prove. The best time to work out the business details is when you are setting up a contract and not when you discover a problem.

You will want to read your contract and check for other issues besides price. I have discussed some of these issues in previous articles, but here is a brief list:

1. Delivery date and what happens if the company fails to take delivery?
2. How are disputes settled over grade and dockage? Is the CGC the independent third party?
3. What sample are you using and is the identity guaranteed?
4. How will you obtain a loaded weight?
5. On August 1, 2003 shrinkage at the primary elevator will be 0%, but not when selling to a grain dealer.

* ***Remember: Negotiate your shrinkage when selling to a grain dealer.***
* ***Remember: By obtaining your grain receipt upon delivery, you will receive your grade and dockage and can deal with any problems promptly.***

Most companies and producers work out their contracts without problems. Contracts that end in dispute may have to be settled in a court of law, but contravention of the Canada Grain Act within a contract falls in the jurisdiction of the CGC.

Claims under $5,000 in Saskatchewan or $7,500 in Alberta and Manitoba can be heard in small claims court.

More Info

Donna Welke is the Assistant Commissioner for the Canadian Grain Commission in Saskatchewan. She can be reached at (306) 780-5035 or via email at dwelke@grainscanada.gc.ca

In Alberta, call Hartmann Nagel at (780) 774-2190 and in Manitoba, call Bob Douglas at (204) 837-9580 or Winnipeg at 1-800-853-6705.

If you have internet access, you will find plenty of useful information on the CGC website at www.grainscanada.gc.ca

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Companies Registered to Collect the Pulse Checkoff

Check www.saskpulse.com for updates to this list

Company	CGC Registered	Food Peas	Feed Peas	Lentils	Beans	Desi Chickpeas	Kabuli Chickpeas	Faba Beans	Soybeans	Telephone	City/Town
Agricom International	N	◆		◆	◆		◆			604-983-6922	North Vancouver, BC
Agricore United	Y	◆	◆							204-944-5421	Winnipeg, MB
Agricore United – Alberta Bean Division	Y				◆					403-545-2227	Bow Island, AB
Agtech Processors Inc.	Y			◆						306-721-5171	Regina, SK
Argail Enterprises	N		◆	◆	◆	◆	◆			306-858-2251	Beechy, SK
Bailey Brothers Seeds	N			◆		◆	◆			306 935 4702	Milden, SK
Barton Seed Cleaning Ltd.	N	◆	◆	◆		◆	◆			306-856-4608	Conquest, SK
Belle Pulses Ltd.	Y	◆	◆			◆				306-423-5202	Bellevue, SK
Berdex Canada Ltd.	Y	◆		◆	◆	◆				204-944-8921	Winnipeg, MB
Best Cooking Pulses Inc.	Y	◆	◆			◆				306-586-7111	Rowatt, SK
Birsay Pork Farm	N		◆	◆		◆	◆	◆		306-573-2074	Birsay, SK
Blue Hills Processors	N	◆	◆	◆		◆	◆			306-868-4488	Avonlea, SK
Boersch Farms	N			◆						306 695 2693	Indian Head, SK
Bornhorst Seeds Ltd.	N		◆							306-366-2158	St. Gregor, SK
Brett-Young Seeds	N		◆							800-468-6509	Gilbert Plains, MB
Canadian Select Grains	N			◆		◆	◆			306-962-4227	Eston, SK
Canary Island Seed Associates	Y		◆	◆		◆				306-885-4444	Sedley, SK
Cargill Limited	Y		◆							204-947-6369	Winnipeg, MB
C. B. Constantini Ltd.	Y		◆	◆						604-669-1212	Vancouver, BC
ConAgra Grain	Y		◆							204-942-5550	Winnipeg, MB
Conida Seed (div. of Trinidad Benham)	N				◆					208-829-5411	Hazelton, ID, USA
Copeland Seeds	N	◆		◆		◆	◆			306-378-2286	Rosetown, SK
Crown Ag International Inc.	Y	◆	◆	◆	◆	◆	◆			306-522-8111	Regina, SK
Dandilee Spice Corp.	N			◆		◆	◆			306 745-2510	Gerald, SK
Diefenbaker Seed Processors Ltd.	N			◆		◆	◆			306 644-4704	Elbow, SK
Export Packers Company Ltd.	Y	◆		◆	◆	◆	◆	◆	◆	905-792-9700	Brampton, ON
Feed-Rite	N		◆							306-682-2668	Humboldt, SK
Farmer Direct	N			◆		◆	◆			306-352-2444	Regina, SK
Fill-More Seeds	Y	◆	◆	◆		◆	◆			306-722-3353	Fillmore, SK
Finora Canada	Y	◆	◆	◆	◆	◆	◆	◆		604-597-5060	Surrey, BC
Garratt Seed Farms	N		◆	◆						306-333-4806	Abernethy, SK
GH Schweitzer Enterprises	N	◆	◆	◆	◆	◆	◆	◆		306-962-4751	Eston, SK
Global Pulse Processors Inc.	N	◆	◆	◆		◆	◆			306-773-2441	Swift Current, SK
Great Sandhills Terminal Marketing Centre	Y	◆	◆	◆		◆	◆			306-628-4452	Leader, SK
Great Western Grain Company Ltd.	Y	◆	◆	◆		◆	◆			306-825-4344	Lloydminster, SK
Horizon Agro Inc.	Y	◆	◆	◆						204-746-2026	Morris, MB
Horizon Seed Processors	N	◆	◆	◆						306-253-4233	Aberdeen, SK
International Grain Trade Canada Inc.	Y	◆	◆	◆	◆	◆	◆	◆	◆	604-685-5259	Vancouver, BC
Keyser Farms	N	◆	◆	◆		◆	◆			306-723-4949	Cupar, SK
Klempnauer Seeds Ltd.	N	◆	◆		◆		◆			403-655-2420	Grassy Lake, AB
Lakeside Pulse & Special Crops Ltd.	Y	◆	◆	◆		◆	◆			204-255-5550	Winnipeg, MB

Note: These companies are registered with the Saskatchewan Pulse Growers (SPG) and are authorized to deduct and remit levy to the SPG. The SPG provides this list of companies as a convenience to its members only. SPG accepts no responsibility or liability for the accuracy of the completeness of the information provided. It is your personal responsibility to satisfy yourself that any company you deal with is financially sound. Questions regarding licensing and security should be directed to the Canadian Grain Commission at (800) 853-6705 or (306) 780-5035 in Saskatchewan.

Companies Registered to Collect the Pulse Checkoff

Check www.saskpulse.com for updates to this list

Company	CGC Registered	Food Peas	Feed Peas	Lentils	Beans	Desi Chickpeas	Kabuli Chickpeas	Faba Beans	Soybeans	Telephone	City/Town
Lashburn Ag Ventures Ltd.	N	◆	◆							306-285-3511	Lashburn, SK
Linear Grain Inc.	Y	◆	◆	◆	◆	◆	◆	◆	◆	204-745-6747	Carman, MB
Louis Dreyfus Canada Ltd.	Y	◆	◆							403-205-3322	Calgary, AB
Mainline Terminal Ltd.	Y		◆							306-435-4905	Moosomin, SK
Maviga N.A. Inc.	Y	◆		◆	◆	◆	◆	◆		306-721-8900	Regina, SK
Milestone Pulses Corp	N	◆		◆	◆	◆	◆		◆	604-608-1613	Vancouver, BC
Newfield Seed Co. Ltd.	N	◆	◆	◆	◆			◆	◆	306-862-4678	Nipawin, SK
N.M. Patterson & Sons Ltd.	Y		◆	◆			◆		◆	204-956-2090	Winnipeg, MB
No-Bull Marketing Ltd.	Y			◆		◆	◆			403-643-2855	Carman, AB
North West Terminal	Y		◆							306-228-3735	Unity, SK
Parent Seed Farms Ltd.	Y	◆	◆	◆	◆		◆			204-737-2625	St. Joseph, MB
Parkland Pulse	Y	◆	◆	◆		◆	◆			306-445-4199	North Battleford, SK
Parrish & Heimbecker Ltd. (Lethbridge)	Y	◆	◆	◆	◆	◆	◆			403-320-9440	Lethbridge, AB
Parrish & Heimbecker Ltd. (Winnipeg)	Y		◆	◆		◆	◆			204-956-2030	Winnipeg, MB
PN Enterprises Ltd.	N	◆	◆	◆	◆	◆	◆			604-507-1131	Surrey, BC
Pioneer Grain Company Ltd.	Y	◆	◆	◆						204-934-5273	Winnipeg, MB
Prairie Pulse Inc.	Y	◆	◆	◆		◆	◆			306-249-9236	Vanscoy, SK
Prime Pro Seeds International Inc.	N			◆		◆	◆			306-296-2055	Frontier, SK
Pro Can Seeds Ltd.	N		◆	◆		◆	◆			306-882-4482	Zealandia, SK
Quadra Group	N	◆	◆	◆		◆				306-867-8916	Outlook, SK
Quantum Processing Ltd.	N	◆		◆		◆	◆			306-796-4944	Central Butte, SK
R K Sunview Farms Ltd.	N			◆						306-776-2468	Rouleau, SK
R Young Seeds Inc.	N	◆	◆	◆	◆	◆	◆			306-355-2221	Mortlach, SK
Roy Legumex Inc.	Y	◆	◆	◆	◆	◆	◆	◆	◆	204-758-3597	St. Jean Baptiste, MB
S.S. Johnson Seeds Ltd.	Y	◆	◆	◆				◆		204-376-5228	Arborg, MB
SaskCan Pulse Trading Inc.	Y			◆			◆			306-525-4490	Regina, SK
Sask. Wheat Pool Special Crops	Y	◆	◆	◆		◆	◆			306-569-4200	Regina, SK
Schumacher Seeds Ltd.	Y	◆	◆	◆			◆			306-493-8274	Delisle, SK
Sedley Seeds Ltd.	N	◆		◆		◆				306-885-4444	Sedley, SK
Shamrock Seeds Ltd.	N	◆	◆	◆	◆	◆	◆			306-249-4151	Saskatoon, SK
Simpson Seeds Inc.	Y			◆			◆			306-693-2132	Moose Jaw, SK
Smith Seeds	N	◆		◆		◆	◆			306-263-4944	Limerick, SK
Southland Pulse Inc.	N	◆	◆	◆		◆				306-634-8008	Estevan, SK
South West Terminal Ltd.	Y		◆							306-672-4112	Gull Lake, SK
Sunrise Foods International Inc.	N	◆	◆	◆	◆	◆	◆	◆		306-931-4576	Saskatoon, SK
Terminal 22 (1998) Inc.	Y		◆							306-334-2222	Balcarres, SK
T.W. Commodities	N		◆	◆		◆				306-773-9748	Swift Current, SK
Van Burck Seeds	N	◆	◆							306-863-4377	Star City, SK
Veikle Grain Ltd.	Y	◆	◆	◆						306-398-4714	Cut Knife, SK
Vigro Seed & Supply	N			◆						306-885-2144	Sedley, SK
Walker Seeds Ltd.	Y	◆	◆	◆	◆	◆	◆	◆		306-873-3777	Tisdale, SK
Werner Agra	N			◆						306-721-1375	Regina, SK
Western Grain Cleaning & Processing Ltd.	N	◆	◆	◆		◆	◆			306-445-4022	North Battleford, SK

To be included on our list, companies must submit their annual Buyer Registration Form to Levy Central by our printing deadline.

Brian Clancey
Senior Market Analyst and Publisher

Growing Pressure On Western Canadian Pulse Processors

Last year's drought had a positive impact on the amount of money specialty crop processors were able to make on each pound of peas, lentils or chickpeas they handled during the 2001-02 marketing year. Unfortunately, total income declined even as the number of companies involved in the industry continued to grow.

Despite last season's bankruptcies, one of which resulted in the closure of two primary processing facilities in northern Saskatchewan, the situation in the coming year is expected to be similar. Tight supplies could push up basis levels, but individual companies will struggle to maintain gross income targets as new plants come on stream for an increase in total capacity.

In a recent review of the processing industry, Agriculture Canada said Blue Hills Processors Ltd. (BHPL) of Avonlea, Saskatchewan is expanding and renovating a primary elevator to process 140,000 metric tons (MT) of peas, lentils and chickpeas annually. Louis Dreyfuss Canada is plans to spend CAN$1.3M to add a cleaning and processing plant for chickpeas and green and yellow peas at its Wilson, Alberta terminal. Saskcan Pulse Trading Inc., in which Turkey's Arbel Pulse Grain is a major shareholder, is now opening a lentil splitting facility in Regina, Saskatchewan with an annual capacity of 75,000 MT.

Regional disparity in where this year's specialty crops are grown will also result in more intense competition for available crops in areas where the drought was less severe. This will limit the upward potential for gross margins obtained by the industry. This is good from the perspective of growers because they get a larger share of the total return from marketing their commodities. It is also bad from a grower perspective because it results in buyers less capable of suffering the vagaries of the market.

Expansion of western Canada's specialty crop processing industry started in earnest as the 1990s drew to a close. The industry enjoyed its best season during the 2000-01 marketing year. Record crops combined with strong international demand to allow the industry to handle a record quantity of

IN BRIEF

Processors are feeling the strain of tight supplies and shrinking margins in the face of increased capacity.

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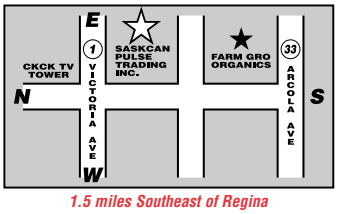

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Canadian Specialty Crops – Estimated Gross Trade Income (Canadian dollars)

Year	Lentils	Peas	Chickpeas	Canaryseed	Total
1988	$11,033,000	$12,848,000	$14,000	$5,294,000	$29,189,000
1989	$12,096,000	$10,194,000	$7,000	$8,440,000	$30,737,000
1990	$21,309,000	$11,505,000	$2,000	$9,934,000	$42,750,000
1991	$21,344,000	$15,942,000	$3,000	$6,720,000	$44,009,000
1992	$29,682,000	$24,240,000	$56,000	$8,570,000	$62,548,000
1993	$34,161,000	$50,419,000	$63,000	$10,127,000	$94,770,000
1994	$39,075,000	$34,156,000	$98,000	$12,690,000	$86,019,000
1995	$43,514,000	$33,446,000	$222,000	$8,971,000	$86,153,000
1996	$36,317,000	$30,575,000	$409,000	$9,101,000	$76,402,000
1997	$36,576,000	$41,446,000	$1,511,000	$11,168,000	$90,701,000
1998	$34,692,000	$45,149,000	$6,255,000	$10,169,000	$96,265,000
1999	$49,746,000	$33,319,000	$16,109,000	$9,809,000	$108,983,000
2000	$53,140,000	$58,223,000	$30,881,000	$10,747,000	$152,991,000
2001	$55,150,000	$49,641,000	$30,355,000	$10,654,000	$145,800,000
2002	$51,647,000	$43,612,000	$29,136,000	$10,651,000	$135,046,000

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specialty crops. Gross revenue from handling peas, lentils, chickpeas and canaryseed rocketed from around CDN $109 million during the 1999-00 marketing year to almost $153 million.

Unfortunately, the industry was carrying high debt levels because of the rapid expansion in the number of processing facilities in operation in western Canada. This left the industry with substantial debt service requirements which could only be covered by maintaining a more aggressive posture on world markets in order to ensure minimum monthly processing needs were met.

The worst-case scenario has unfolded in western Canada during the past 14 months. Though last year's production was down 27.6%, gross earnings from handling specialty crops was only down 4.7% at a projected $146 million. In U.S. dollar terms, gross earnings dropped from $100.6 to $92.8 million. From this number, processors needed to pay for any bags used and all ongoing operating costs, including interest on debts and any extraordinary expenses resulting from quality or weight claims and other contract disputes. Inland freight from processing plants to Canadian ports was deducted.

For the coming year, a tighter supply of specialty crops is expected to result in a general increase in processing and trading margins. If margins improve as expected, the industry could end up with gross processing and trading margins of $145 million – nearly identical to what was recorded during the 2001-02 marketing year. However, gains could be smaller and there is a risk that gross earnings will drop to between CDN $136 and $138 million.

With gross income shrinking, the industry could find it harder to deal with two problems it faces. Instead of dropping, processing capacity will be up during the 2002-03 marketing year, maintaining competition in grower and export markets. Secondly, total debt is not declining. In fact, the bankruptcies saw debts carried by some industry participants increase and retained earnings slip.

Growers are becoming increasingly aware of the risk associated with dealing with an industry which is being just as weakened by the current drought as they. This has led to calls for mandatory insurance to make sure all specialty crop producers are covered in the event of bankruptcy. It may be possible to create such a fund with a mandatory payment of CDN 50 cents per metric ton, assuming the annual budget for the individuals charged with managing the money does not exceed one million dollars in the coming year and only grows at a rate of 5% per year.

Such proposals immediately fall into disarray because of the unwillingness of growers in all parts of Canada to participate. Dry edible bean growers in Ontario would be reluctant to join and a growing number of western Canadians are tired of having the national government impose regulations that only affect them and which they cannot escape.

As is usually the case, the solution to such problems starts at the level of the individual and expands outward. Due diligence must always be done whenever credit is extended. Companies do this by setting limits on the amount of outstanding receivables they will tolerate with an individual buyer. Growers need to consider the capacity of the company to pay. They also need to stop demanding that grain buyers help them avoid paying income tax by refusing to accept payment for several months on grain delivered today.

IN BRIEF

Because a part of the checkoff goes to support research, producers can now claim a tax credit on part of the checkoff paid.

Pulse Checkoff Eligible for Tax Credit

Ongoing consultations over the last two years between Canada Customs and Revenue Agency, Agriculture and Agri-Food Canada, Saskatchewan Pulse Growers and other farm producer associations have resulted in an agreement whereby farm producers will be able to obtain tax benefits on checkoff (levy) amounts that are used to support Research & Development. In order for Research & Development projects to qualify for the Scientific Research and Educational Development (SR&ED) program, they must meet specific criteria set out by Canada Customs and Revenue Agency and the payments must be made to universities or approved entities.

Producers can calculate their total checkoff contribution by referring to their pulse sales receipts, which should show the checkoff allocation. Based on the SR&ED requirements, 57% of the Saskatchewan Pulse Growers checkoff contributed during the 2001 year is eligible to earn Investment Tax Credit. As the eligibility is retroactive to January 1, 2001, a request to adjust your 2001 Income Tax Return will be required. A form letter that can be sent to the Winnipeg or Surrey Taxation Centre to request an adjustment to your 2001 Income Tax Return is available on the Saskatchewan Pulse Growers web site (www.saskpulse.com).

Producers must use the 57% rate to calculate the amount of their 2001 Saskatchewan Pulse Growers checkoff that relates to SR&ED. Producers should wait until they have the eligibility percentages from all checkoffs (not just those for pulses) before requesting a tax adjustment. Individual producers have 17.5 months and Canadian-controlled private corporations have 18 months after their 2001 taxation year-end to request an adjustment for the SR&ED program. Beginning with the 2001 year, the portion of the checkoff amount that is used to support R & D is eligible to earn Investment Tax Credit at a rate of 20% for individuals and 35% for corporate producers that are Canadian controlled private corporations (CCPC).

Example

As an example, suppose that you contributed $200 to Saskatchewan Pulse Growers during the 2001 year by way of checkoffs. In this example, fifty-seven per cent of your contribution of $200, or $114 is related to SR&ED and is eligible to earn Investment Tax Credit (ITC).

For individual producers
$114 at 20% rate = $22.80 ITC
(40% refundable)

For CCPC corporate producers
$114 at 35% rate = $39.90 ITC
(100% refundable)

The investment tax credits earned may be used as follows:

- to offset federal tax owing in the current year;
- if no taxes are owing, a portion may be refunded to you in that year if you are an individual, or all of the credit may be refunded if you are a corporation. (CCPC);
- to be carried forward up to 10 years to offset federal tax;
- to be carried back up to 3 years to reduce federal tax paid in those years.

All checkoff Investment Tax Credit used or refunded must be reported as income in the subsequent year.

More Info

For more information on the process of claiming the tax credit, please consult your accountant or the Canada Customs & Revenue Agency's website at www.ccra-adrc.gc.ca/sred/

by Brian Machin

Agri-Food Council Established

IN BRIEF

A new council has been created to ensure accountability of the Boards established under the Agri-Food Act.

The Saskatchewan Agri-Food Council is responsible for the supervision of the Boards and Commissions established under The Agri-Food Act. The mission is to provide leadership, ensure open and responsible operation of agencies established under the Act and regulate, promote and develop the marketing of agriculture and food products.

The Council is an independent body with five members appointed by the provincial cabinet.

The Council is responsible to ensure that agencies under the Act are accountable and remain in compliance with their regulations and orders.

The 10 agencies operating under the Act fall into three categories: Development Commissions; Development Boards; and Marketing Boards

Development Commissions

A development commission is an organization with the responsibility of doing research, development and marketing for an industry. Commissions are given the right to charge a refundable levy for this service. Producers must pay the levy up-front but can receive a refund. Agencies provide refunds twice annually, once in the spring and once in the fall. To be eligible for a refund, producers must request it within the provided timeframe. There are currently three development commissions in Saskatchewan: Saskatchewan Alfalfa Seed Producers Development Commission; Saskatchewan Canola Development Commission; and Saskatchewan Flax Development Commission.

Development Boards

A development board is similar to a development commission, with one major difference: a development board charges a non-refundable levy. There are three development Boards in Saskatchewan: Sask Pork; Saskatchewan Pulse Growers; and Saskatchewan Sheep Development Board.

Marketing Boards

A marketing board administers a supply-managed marketing plan and, as a result, has the power to restrict production of an agricultural product and set prices. A marketing board charges a non-refundable levy. Saskatchewan has four supply-management boards: Chicken Farmers of Saskatchewan; Saskatchewan Broiler Hatching Egg Producers Marketing Board; Saskatchewan Egg Producers; and Saskatchewan Turkey Producers Marketing Board.

The Saskatchewan Agri-Food Council's role differs according to the types of agencies under its jurisdiction.

Development Commissions and Boards are essentially responsible to the producers who elect and fund them. As long as these agencies comply with reporting standards and remain in compliance with regulations, minimal supervision is required.

Marketing boards, on the other hand, have delegated powers which can normally only be exercised by governments. This requires that a higher level of scrutiny be applied to ensure accountability to other stakeholders.

Agri-Food Act Appeal Committee

An independent appeal body has been established to address any complaints made regarding acts or omissions of agencies established under the Act.

The Agri-Food Act Appeal Committee is comprised of four persons who have the authority to mediate disputes or if necessary, confirm, vary, disallow or stay a decision of an agency. The committee decisions are binding on all parties and can only be appealed to the courts on a question of law or jurisdiction.

More Info

If you would like more information, please view the website at www.agr.gov.sk.ca/agrifood/ or contact:

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by Keith Moen

IN BRIEF

Ag Canada is supporting the Pulse Field Lab initiative in a big way.

$1.5 Million Toward Pulse Field Lab

Attendees were in for much more than a typical field tour at the Scott Field Day July 10, as the lunch took on a formal tone with an announcement by the Honourable Ralph Goodale, Minister of Public Works and Government Services and Minister responsible for the Canadian Wheat Board. Goodale, on behalf of Agriculture and Agri-Food Minister Lyle Vanclief, announced that the Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) will commit $1.5 million towards the development of a new pulse field lab. The field lab, estimated to cost a total of $10 million, is a much-needed facility that will help pulse researchers conduct their work.

"What the facility essentially does is give you the working space to do the work," said Gord Nystuen, Deputy Minister of Agriculture for Saskatchewan, who was in attendance for the announcement. "They've been in crowded facilities in Saskatoon and this will give them a first-class facility to get on with the work of pulse research."

PHOTO COURTESY SASKATCHEWAN AGRICULTURE, FOOD AND RURAL REVITALIZATION

Minister Goodale at the Pulse Field Day in Scott, SK.

Says Saskatchewan Pulse Growers Chairman, Glenn Annand, "Right now, they're elbow-to-elbow in there when they have their full crew in there in winter time."

Nystuen said that there will be additional benefits to having a better facility.

"The part that goes along with it is that there will be increased investment," he continued, stressing, "more emphasis, more work getting done."

Following his announcement, Goodale conceded that the growth of the pulse industry was very much an influence on the government's decision to allocate the AFIF funding to a pulse research laboratory.

"Pulse crops have shown phenomenal growth in Saskatchewan over the last number of years. Twenty-two thousand producers are now engaged in some kind of pulse crop activity," said Goodale following his announcement.

"Saskatchewan is one of the leading exporters in the world," he continued. "Those exports may well come under some pressure in the next little period of time because of the conduct in the United States. We need to put every tool at the disposal of our farmers to be able to fight back in that tough international market and be as successful as they can be."

"One way to do that…is through brain power; research. Make our production and our production techniques the most sophisticated and knowledgeable techniques in the world. The way you do that is by investing in the science, in the research, in the new technology."

"The agreement under which AFIF has operated ends in 2003, but its spirit will live on through projects like this one," said Minister Goodale. "In that same spirit, through the Agricultural Policy Framework, the federal, provincial and territorial governments will continue to work together with stakeholders to ensure the sector's long-term success and profitability. The result of these initiatives will be an agriculture and agri-food industry that is poised to challenge for global markets, and recognized as the world leader in food safety and quality, innovation and environmentally responsible production."

Saskatchewan Pulse Growers Chairman Glenn Annand explained that the money will be put to good use. But he cautioned that the contribution is only part of the required funding to see the project come to fruition.

"It's 15 per cent of budget to get this project built," said SPG chair Glenn Annand. "Certainly we're counting on industry sponsors – agribusiness companies, banks, whoever benefits from the pulse industry – to come up with a similar amount."

"But we're still a long way from a total goal of around $10 million. We'll be relying on the federal and provincial governments to come up with the rest of it."

"There's some trepidation from governments to put money into infrastructure if they don't have the money allocated to run the programs that go on in those buildings. So I can see it's going to be a two-stage process where we're going to have both commitments for research funding as well as infrastructure funding."

Annand said that once the facility is operational, it will be of great benefit to pulse growers in Saskatchewan.

"We have significant acres (of pulse varieties) in a lot of the crops already and we have great potential in beans to expand our acres," he said.

"I think we've really elevated the level of awareness among the politicians of the good news story that pulses provide, but at the same time, we have to change that awareness into a commitment. This is really one of the first, big federal commitments that they have made (for pulses) in Saskatchewan."

Field Day Report

More than 270 producers from across Saskatchewan took in the Scott Field Day on July 10, held at the Agriculture and Agri-Food Canada's Research Station at Scott, Saskatchewan. This year's tour was a cooperative effort between Saskatchewan Pulse Growers, Saskatchewan Canola Growers, and Agriculture Canada.

Participants at the field day were transported via fifth-wheel wagons throughout the Scott Research Station's test plots, where they learned of the efforts taken to determine if factors such as biological control, cropping rotations, continuous cropping and application of liquid nitrogen, among other things, had a beneficial, adverse, or no effect on crop yields.

Producers learn more about fertilization research.

Being in the west-central region of the province, researchers at the Scott Research Station had their results severely affected by the challenging drought conditions that permeated the region this year. Unfortunately, researchers said that the lack of moisture this year was too severe to notice distinct differences in research results. And of the plants that were growing, they were ravaged by grasshoppers, making findings even more difficult to determine.

Despite these difficulties, the field day was an informative one, offering growers a first-hand look at demonstrations such as "Spray Technology – Water Volume and Droplet Size", "Herbicides for Special Crops", and the chance to see new varieties of peas and chickpeas in the field. For more information on the tours included at the Scott Field Day and other ongoing research there, see the SPG website: www.saskpulse.com.

The success of the day could not have been possible without the involvement of the Saskatchewan Canola Growers Association, Agriculture and Agri-Food Canada and Saskatchewan Agriculture, Food and Rural Revitalization for their support in promoting the event.

Appreciation must also be acknowledged to the generous support of sponsors including: Bayer Crop Science, Dow AgroSciences, Liphatech and Philom Bios.

Next year's Pulse Field Day will be held July 2003 at the Indian Head Research Station.

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2003 Board of Directors
Nominations

If you are a registered pulse producer, and would like to be instrumental in building Saskatchewan's pulse industry, fill in the nomination form below. It must be signed by three other registered growers.

Two positions are open for Directors on the Board of the Saskatchewan Pulse Growers. Nominations are being accepted until noon on FRIDAY, OCTOBER 25, 2002.

Responsibilities:
- **10 Board meetings per year (one per month except during harvest and seeding); committee meetings as required**
- **Average time commitment of board members is 45 days per year**
- **Terms are for three years, with a maximum of two consecutive full terms**

Nomination Form

In accordance with the Saskatchewan Pulse Growers Regulations, I, the undersigned hereby submit my name as a candidate for election to a seat on the Board of Directors of the Saskatchewan Pulse Growers.

_____ _____
First Name Last Name

_____
Address/Town

_____ _____
Postal Code E-Mail

_____ _____
Telephone Fax

_____
Signature

I have grown the following pulse crops:	2001	2002
	_____	_____
	_____	_____
	_____	_____

I nominate the above pulse producer as a candidate for election as a director of the Saskatchewan Pulse Growers.

_____	_____	_____
Name of Registered Producer (signature)	Name of Registered Producer (signature)	Name of Registered Producer (signature)
_____	_____	_____
Name (please print)	Name (please print)	Name (please print)
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Please return this form to:
Saskatchewan Pulse Growers, #310-111 Research Drive, Saskatoon, Saskatchewan, S7N 3R2
Telephone: 306-668-5556 Fax: 306-668-5557

Note: Only registered producers can hold office, vote, or nominate others. If your dealings with the Saskatchewan Pulse Growers (e.g. levy submission) have been through your company name, rather than your own name, you should contact the Saskatchewan Pulse Growers Office. You may have to sign the "Designated Representative Form" which designates you as a representative of the company for election and nomination purposes. Please contact the Saskatchewan Pulse Growers Office at (306) 668-5556 if you think this might apply to you.

by Kelley C. Fitzpatrick

IN BRIEF

The natural health industry presents a significant opportunity for value-added pulses.

Nutraceuticals and Functional Foods

The natural health product industry has grown dramatically in the past decade to represent a multi-billion dollar market globally. Several factors, including an aging population, rising health care costs, increasing consumer interest in nutrition, and advances in food technology, are contributing to this situation. In addition, new scientific knowledge regarding the role that diet may play in disease prevention continues to emerge, revealing that food components not only promote general health and well-being, but may also reduce the risk of illness. From the industry standpoint, there is an interest in incorporating "nutritional" ingredients from plants – either individually or in combinations – into dietary supplements (often referred to as nutraceuticals) and functional foods, as well as in the promotion of naturally occurring constituents that may have "medicinal" value. The terms "nutraceuticals" and "functional foods" are primarily marketing tools. It is understood that such products provide demonstrated physiological benefits or reduce the risk of chronic disease, above and beyond their basic nutritional functions.

Examples of nutraceuticals and functional food ingredients include plant-derived proteins, soluble and insoluble dietary fiber, as well as a myriad of phytochemicals. For the pulse industry, these nutritional components represent significant value-added opportunities. Pulses are truly functional foods as they are low in fat, cholesterol free, high in protein, and are an excellent source of both soluble

and insoluble fiber. Phytochemicals present in pulse crops include variable levels of isoflavones, saponins, oligosaccharides, phytates, and alpha-amylase inhibitors. The nutritional properties and markets for a number of pulse derived "functional" ingredients are reviewed in this article.

Isoflavones, estrogen-like compounds with strong antioxidant activities, are found in variable amounts in pulses. Recent clinical data supports a role for isoflavones in reducing the risk of hormone-dependant cancers, cardiovascular disease, and osteoporosis. Isoflavones, especially from soybeans, have shown beneficial effects as natural alternatives to hormone replacement therapy, and in the reduction of menopausal symptoms. The majority of isoflavone products available to consumers are geared towards women and are marketed in such forms as dietary supplements and beverages, and in foods such as nutrition bars, dairy products, and breakfast cereals.

Saponins are natural glycosides found in plants, with legumes being a major dietary source. Saponins are currently being studied for their cholesterol lowering effects, as these compounds can bind with cholesterol and reduce intestinal absorption. In animal models, saponins have been reported to inhibit the growth of cancer cells.

Oligosaccharides are non-digestible fibers found in high concentrations in pulse crops. Research in humans has indicated that various oligosaccharides show prebiotic effects, which is the ability to stimulate the growth of bifidobacteria ("good" bacteria) in the intestinal tract. Prebiotics are being studied to enhance colonic health and increase the body's immune response. Oligosaccharides have been shown to increase HDL levels (High-Density Lipoprotein cholesterol, or "good" cholesterol), lower blood triglycerides, increase stool weight and frequency, and mdoerate blood glucose levels. Current and potential applications of oligosaccharides include incorporation into milk products (yogurt, ice cream), beverages, confectionary items, baked products, jams and canned fruit.

Additional "functional" ingredients present in pulses include phytates, which are currently being investigated for potential anti-carcinogenic effects and to lower serum cholesterol levels. Alpha-amylase inhibitors, which are also found in pulses, act to slow digestion, which can moderate blood glucose and insulin levels. Soluble dietary fiber in pulses have documented hypocholesterolemic effects that can help to reduce the risk of cardiovascular disease, whereas the insoluble dietary fiber component is beneficial in lowering colon cancer risk.

The nutraceutical and functional food industries offer significant opportunities for the "value-added" promotion of pulses. As indicated in this article, various plant-based components that could potentially be sourced from pulses are currently being utilized in a wide array of products for their nutritional benefits.

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Pulse Primer for Celiacs

Pulse Nutrition Session Offered During Pulse Days

Celiac disease, also known as gluten sensitivity, affects one in every 150 to 200 people. It is a genetically-based, lifelong disorder in which the absorptive surface of the small intestine is damaged by gluten. Treatment consists of a strict dietary regime, eliminating all foods containing gluten.

Shelley Case, Registered Dietitian, is a leading nutrition expert in celiac disease. Shelley will briefly describe the disease, the diet and how to play the label game. As well, she'll explain the role of pulses in creating satisfying solutions to celiac diets. Participants will taste pulse recipes suitable for celiacs.

It's only $20 to pre-register. Call Food Focus at (306) 652-2691 for more information.

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by Garth Patterson

Working for Growers

IN BRIEF

An overview of the significant accomplishments and disappointments of Saskatchewan Pulse Growers over the past year.

In this issue of Pulse Point, Chairman Glenn Annand has described the key issues the Board will address in the upcoming year. I will review our significant accomplishments (and disappointments) over the past year.

National Crop Protection Strategy

SPG was successful in leading the drafting of a proposal to develop a national crop protection strategy "to ensure the competitiveness of the Canadian pulse crop industry by timely access to safe, reliable and affordable crop protection products while considering their market impact." Pulse Canada has accepted responsibility for this initiative that will address minor use and full registration of products, international harmonization and integrated pest management. They have contracted the services of Mr. Mark Goodwin, a former Weed Specialist with Manitoba Agriculture. One of Mark's first accomplishments was the coordination of an international meeting to develop a North American crop protection strategy. This is considered to be crucial for both Canadian and American pulse growers because our respective regulatory agencies cooperate on product registration. **SPG is the major financial supporter of the National Crop Protection Strategy.**

National Research Strategy

Pulse Canada, under the leadership of Dr. Holly Rask, has successfully led the development of a national research strategy. Through the efforts of many staff and directors, senior government officials and politicians now recognize that the pulse industry is seriously under-funded for research. Our challenge over the next year is to convert this recognition into research funds. Our goal is ensure that increased research is translated into increased revenues for pulse growers through more efficient production of existing pulse crops, development of new pulse market classes and the development of new uses to increase markets. **SPG is the major financial supporter of the National Research Strategy.**

Saskatchewan Research Strategy

In cooperation with Pulse Canada, SPG has taken the national research strategy and selected components that would most benefit Saskatchewan growers. We have received tremendous support from senior officials in Saskatchewan Agriculture & Food, the University of Saskatchewan, Agriculture & Agri-Food Canada, and the National Research Council. Key research areas of interest include genetics (breeding), pathology, crop protection, quality and new uses. We have also initiated a capital campaign to raise funds for a new pulse lab in Saskatoon. While we do appreciate the enthusiastic support of some companies (see On Point in this issue), we have generally been disappointed with the lack of support for the capital

Our goal is to translate increased research into increased revenue for pulse growers.

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campaign. No doubt the reduced pulse crop production in 2001 and 2002 is constraining our ability to attract more interest to this initiative.

International Market Development

Pulse Canada is responsible for this initiative. We direct their efforts by having two SPG Directors (Germain Dauk and Don Meier) on the Pulse Canada Board. Garth Patterson also acts as an advisor to the Pulse Canada Board. Pulse Canada's key activities include market access (feed peas into China, Korea, Taiwan, Thailand and Japan), market awareness (international food and feed shows, incoming trade missions), and market intelligence (technical missions). For example, last winter Dr. Bert Vandenberg was sent to India, Turkey and Mexico in order to determine how the CDC's pulse breeding program might take advantage of new market opportunities. Pulse Canada is currently involved in stakeholder consultations in order to assess its food and feed programs for the next three years. **SPG is the major financial supporter of Pulse Canada.**

Increased Pulse Checkoff

Prior to Pulse Days 2002, the Board had no plans to increase the pulse checkoff. However, once Saskatchewan growers heard about the level of pulse research investment in Australia and the USA, the SPG Board was contacted by many concerned growers who asked the question "What is the SPG going to do about this? Pulses are very important to my farming operation and I don't want to lose them." The Board directed staff to develop an intense communications program to determine what pulse growers in Saskatchewan wanted. The result was that there was strong support for an increase in the pulse checkoff. (see the Executive Director's Closing Thoughts on the last page for details). We expect to be able to quadruple our annual research funding from $1 million to $4 million within the next few years. These increased funds will be used to attract up to $12 million in funds from government and industry.

Grower Communications

Our flagship event is Pulse Days. Attendance was down from 1,700 to 1,500 last year, likely reflecting the poor growing season. Pulse Days is has truly reached international status, attracting key speakers and producers from around the world (both in person and through our live webcast). Thanks to the efforts of Jackie Blondeau and Issues Ink our pulse newsletter was upgraded to magazine status, and is now called Pulse Point. This continues to be "work in progress" so watch for more changes over the upcoming year. We held 20 winter and spring producer meetings in 2002, with over 1,000 in attendance. The Board views this as an important way to exchange information with pulse growers. We were also pleased to cooperate with the canola industry this summer to host a joint Pulse-Canola field day at the Ag Canada station in Scott. Our website was upgraded to improve navigation and provide access to more information.

Pulse disease work continues to be a research priority for SPG.

Federal Government Policy

We have significantly increased our communication efforts with federal officials regarding policy impacting our industry. Our lobby efforts (along with other producer groups) resulted in the Canadian Grain Commission (CGC) changing its shrinkage regulations (shrinkage deduction regulated to 0% effective Aug. 2003). We also successfully encouraged the CGC to increase pulse grower representation on its committees associated with grading.

SPG supported the Alberta-led initiative to have foreign material removed as a grading factor in feed peas. The Board provided input to the CGC Review Committee by recommending the role of the CGC be clarified and strengthened in order to further represent producer interests in the areas of producer security (with respect to company bankruptcies) and food safety. The Federal government is redefining its agricultural policy through the Agricultural Policy Framework consultations. SPG Directors and staff have used these consultations as an opportunity to influence federal policy – especially in the area of research investment.

Provincial Government Policy

Over the past two years, Directors and staff have made many contacts with provincial cabinet ministers and senior officials in agriculture, transportation and economic development. This has resulted in a much higher level of awareness of pulses, as was recently evidenced by the $1.5 million contribution to the Pulse Field Lab by the Agri-Food Innovation Fund.

US Farm Bill

This was by far our biggest disappointment of the year. American agriculture is locked into a vicious downward spiral driven by subsidies that increase input prices, land costs and farm size. Both the Canadian Federal Government and Pulse Canada lobbied in Washington against including pulses in the farm bill, but in the end they were powerless against American interests. We will continue to encourage the Federal Government to mitigate the impact of the farm bill on Canadian producers by investing in research to give us a competitive edge.

We will continue to encourage the Federal Government to mitigate the impact of the US farm bill on Canadian producers.

Grain Transportation

Our focus has been to concentrate on railway and government transportation policy. In the past year, we have communicated the needs of our industry to all key stakeholders. Issues of specific interest to us include railway service, the Federal Transportation Review Panel Report and the role of the Monitor on the effects of changes to Bill C-34. We have worked with Sask Highways and SARM to create awareness about the need for improved container movement on secondary roads. We have joined the Farmer Rail Car Coalition because we believe that producer ownership of the government hopper cars will ensure that they are managed in the best interests of producers.

Variety Commercialization

Varieties have been the key technology supporting our success in new markets. The Board remains committed to improving the profitability of pulse growers through investment in variety development for new markets and new uses. We also believe that our direct involvement in the commercialization of varieties is critical to ensure that the interests of growers are recognized. In the last six years, over thirty new pulse varieties have been released royalty-free to seed growers. These new "made in Saskatchewan" varieties from the Crop Development Centre (CDC) will take us to new levels of competitiveness. In 2002, we increased seed costs by 50% (from $10/kg to $15/kg) in an effort to run the program on a break-even basis.

Domestic Feed Markets

Development of new uses for our pulses increases the value of our industry by creating more demand. Our best success has been the creation of 300,000 tonnes of demand for feed peas in western Canadian hog rations through research and development efforts. Barb Stefanyshyn-Cote continues to lead our efforts by creating awareness in eastern Canada. She also maintains a research database for feed pulses that receives over 6,000 hits per month. Unfortunately, our expansion into feed markets has been limited by the low production of feed peas over the past two years.

Throughout the upcoming year, Directors and staff will continue to focus their efforts on activities that provide the best value for growers. Please contact our office or any one of your Directors if you would like to learn more about our activities.

For more information about SPG activities please call: (306) 668-5556
e-mail: pulse@saskpulse.com, or visit our Web site: www.saskpulse.com.

Industry shows support for pulse field lab

Saskatchewan Pulse Growers is pleased to announce two more contributions to the fund-raising campaign to develop a world-class, multi-user field lab. Bourgault Industries has committed $50,000 toward the project. "Pulse crops have been an important component of our company's success over the past twenty years," says Gerry Bourgault, President. "Bourgault Industries is therefore proud to support the Saskatchewan Pulse Growers' initiative of constructing a new pulse field lab. We believe that pulse crops will continue to be extremely important to farmers and subsequently to the entire agricultural industry."

In addition, Bourgault Tillage Tools has pledged $10,500 toward this worthy cause.

Buy and Sell Forum Operational

Are you looking to connect with growers to purchase a specialty pulse product? Are you a grower with pulses to sell? The Saskatchewan Pulse Growers now offers an online Buy and Sell forum. See the SPG website under "Discussion Forums:" at www.saskpulse.com. Post your request today!

CSCA Calls for Task Force

At their annual general meeting in Halifax this summer, the Canadian Special Crops Association called for a task force on the state of the pulse industry. "This task force will be made up of a wide variety of special crops participants, from small and large processing to marketing, east and west, and so on," said Kevin Dick, CSCA past president. "We are strongly encouraging nominations and volunteering of interested individuals for this task force, as it is so critical to review the state of our industry and look what needs to be done to ensure that it remains viable and continues to strengthen and grow."

Pulse quality research receives federal boost

The Canadian Adaptation and Rural Development Program in Saskatchewan (CARDS) recently announced its support for a Pulse Canada Research project to measure pulse quality. The CARDS fund will provide $120,000 toward developing a universal system for describing the colour, size and shape of various pulse crops. The Saskatchewan CARDS program has allocated $11.3 millon over four years, targeting projects that will help develop a strong, vibrant agricultural and rural economy.

New food use for peas

Research conducted by the University of Saskatchewan's College of Pharmacy & Nutrition indicates a new food use for pea hull fibre, which is a colourless, bland-tasting, primarily insoluble ingredient processed from the hull of yellow peas. This fibre can be incorporated into a variety of pureed food items with little effect on food acceptance. Since pea hull fibre can be incorporated into finely processed meats, desserts, sauces, and other common institutional foods, it is an effective and acceptable method of increasing fibre intake and improving health of residents in long-term care facilities.

International guests learn the Canadian pulse advantage

The Canadian International Grains Institute recently hosted their second annual International Food Pulse Program, co-sponsored by Pulse Canada. During the one-week program, twelve participants from Canada, Japan, Columbia, Egypt, Cuba, Spain, and United Arab Emirates learned about Canadian pulse production, breeding, quality, handling and processing. While in Saskatchewan, the group visited a processing plant and toured pulse research facilities at the U of S Crop Development Centre. The program's objective is to develop and promote world markets for Canadian pulses.

North American Crop Protection Strategy for the Pulse Industry

Pulse Canada and the US Dry Pea, Lentil and Chickpea Council have joined forces to ensure pulse growers have access to safe and effective pest management products. Pulse Canada has hired Mark Goodwin of Winnipeg, Manitoba to

IN BRIEF

News from and about Saskatchewan Pulse Growers (SPG).

Saskatchewan Pulse Growers

For more information about SPG activities please call: (306) 668-5556
e-mail: pulse@saskpulse.com, or visit our Web site: www.saskpulse.com.

lead the process for Canada. "A coordinated strategy is needed to ensure that growers have state-of-the-art pest management tools, and that these tools are in harmony with the rules and regulations that are in place in our export markets," says Goodwin. The components of this strategy include:

Minor use. There are many instances wherein pulse crops could benefit from minor use registrations. Continued access to this avenue of registration is key to the pulse industry and this point was made in Ottawa by Pulse Canada last summer to the Standing Committee on Health. Pulse Canada is also getting involved in working with the minor use coordinators from the provinces. Great steps have been made in harmonizing Canada's minor use process with IR-4 (the American minor use program).

U.S. Harmonization. We need to have a strong presence at the North American Free Trade Agreement (NAFTA) Technical Working Group meetings. These meetings are designed to harmonize the registration processes of the two countries. This group has been meeting for five years now and there is still much work to be done.

At the grower level, valuable links were made between U.S pea and lentil growers in June. Similar links are needed with the U.S. bean industry. If we could get growers giving the same message to their regulators on both sides of the border we have better chances of having synchronous regulatory decisions on pest management issues.

Full product registrations. We need the continued support of the life sciences companies in the form of full registrations for crop protection tools. Continued efforts are needed to keep influential people in the life sciences industry informed as to the value of the pulse industry as they make their decisions.

Integrated pest management. IPM is essential to the sustainability of the pulse industry. Pulse crops (themselves a sustainable ag practice) require more work on varietal strategies, crop rotation strategies and cultural control methods that will act to keep pests 'off-balance'. No coordinated IPM thrusts are in place in the pulse industry but there are many local, provincial or grower-initiated components that are in daily routine even now. Further assessment is needed to see if this area warrants a programmed approach.

Rick Melnicoe of the University of California addresses the Pest Management Strategic Planning Meeting for Pulses in Saskatoon, June 25, 2002.

Pulse Days2003

DON'T WAIT! Save 30% by registering before December 18.

Pulse Days Conference Coming Up

Monday, January 6 and Tuesday, January 7 in Saskatoon, SK

Did you know that the world's largest producer conference focusing on pulse crops is held right here in Saskatchewan? It makes sense when you realize that Canada leads the world in lentil and pea exports, and Saskatchewan produces 97% of the country's lentil crop and 70% of the peas. Pulse Days 2003 will be held Monday, January 6 and Tuesday, January 7, 2003 in Saskatoon, Saskatchewan.

Over 1500 attended last year's conference and similar numbers are expected in 2003. Do conference organizers expect a lower turnout this time as a result of the dismal 2002 production year? "It's certainly true that this has been a challenging year for all producers in Saskatchewan – pulse growers included," says Dean Corbett, a producer from Macrorie, SK, who also sits on the Board of the Saskatchewan Pulse Growers. "However, when times are tough, it's important to look at how you can maximize value on your farm. The Pulse Days conference is one place where growers can hear from some of the world's leading pulse researchers, market analysts and industry strategists. And it's also the best place for producers to share ideas with some of the top experts the pulse industry has to offer – other pulse producers."

Conference Highlights

- Keynote presentation on the effects of globalization: how these trends will impact pulse markets and farm practises in the coming years
- Surviving the U.S. Farm Bill
- Moving Up the Value Chain: Getting More Value For Your Pulse Crops
- Beans: The Next Cinderella Crop?
- New Developments in Pulse Research
- Market Outlook Bearpit: three industry experts will debate their ideas on price and market trends for pulses in the coming year
- Market Spotlight: North Africa and the Middle East

Hotels on the bus route:

Best Western 1715 Idylwyld Dr. N.	(888) 244-5552
Country Inn & Suites 617 Cynthia St.	(800) 456-4000
Days Inn 2000 Idywyld Dr. N.	(800) 329-7466
Delta Bessborough Hotel 601 Spadina Cres. E.	(800) 268-1133
Heritage Inn 102 Cardinal Cres.	(888) 888-4374
Holiday Inn Express 315 Idylwyld Dr. N.	(800) 465-4329
Park Town Hotel 942 Spadina Cres. E.	(306) 244-5564
Quality Inn 90 – 22nd St. E.	(800) 228-5151
Radisson Hotel 405 – 20th St. E.	(800) 333-3333
Ramada Hotel 806 Idywyld Dr. N.	(800) 667-6500
Sandman Hotel 310 Circle Dr. W.	(800) 726-3626
Saskatoon Inn 2002 Airport Dr.	(800) 667-8789
Saskatoon Travelodge 106 Circle Dr. W.	(800) 578-7878
Super 8 Motel 706 Circle Dr. E.	(800) 800-8000

Says Penny Eaton, Communications Manager for SPG and the event's organizer, "This conference is always a great opportunity for pulse growers to share ideas and get the inside track on coming trends, markets and research. We're happy to note that for the first time ever, all the Crop Production Trade Show exhibits will be open this year during our Wine & Cheese Reception. We're still offering the choice of venues: the Saskatoon Inn or Prairieland and we think this year's program is one of the best ever."

As part of Crop Production Week in Saskatoon, it's also an opportunity for farmers to connect with other producer groups for crop such as canola, mustard, flax and others. Don't miss out on your chance to be part of the premiere pulse event of the year!

For more information, see the SPG website: www.saskpulse.com.

Pulse Days2003 AGENDA

January 6th & 7th
Saskatoon Inn (live) & Prairieland Park (video feed), Saskatoon

Saskatchewan Pulse Growers

See our website: www.saskpulse.com

Monday, January 6, 2003

11:00 am Registration Opens
12:30 pm Annual General Meeting
1:45 pm Break
2:00 pm *Welcome and Opening Remarks*
Glenn Annand
Chairman, Saskatchewan Pulse Growers
(Mossbank, Saskatchewan)
2:15 pm **Keynote Presentation**
Globalization
Dr. Michael Boehlje
Purdue University (Columbus, Indiana)
3:00 pm Discussion
3:15 pm Refreshment Break

Surviving the U.S. Farm Bill

3:45 pm *Impact of the U.S. Farm Bill on Canada's Pulse Sector*
Harley Furtan
University of Saskatchewan
(Saskatoon, Saskatchewan)
4:10 pm *Beans, The Next Cinderella Crop?*
Bert Vandenberg
Crop Development Centre
(Saskatoon, Saskatchewan)
4:30 pm *Moving-Up the Value Chain*
Al Scholz
Al Scholz & Associates
(Saskatoon, Saskatchewan)
5:00 pm Discussion
7:00 pm Wine & Cheese Reception at Prairieland Park
Pulse Research Poster Session
*** * * Crop Production Show is open from 6:00 pm to 9:00 pm * * ***
– use your Pulse Days name tag for free access to the Crop Production Show and SPG Wine & Cheese Reception

Tuesday January 7, 2003

8:00 am Registration Opens
8:45 am Announcements
9:00 am **Keynote Presentation**
Global Agriculture Trends: Impact on Pulses
Greg Kostal
SPARKS Company
(Winnipeg, Manitoba)
9:45 am Discussion
10:00 am Refreshment Break

Growers Taking Charge

10:30 am *On-Farm Food Safety*
Brent Van Koughnet
Agri-Skills Inc. (Carman, Manitoba)
11:05 am *Market Development for Canada's Pulse Industry*
Gordon Bacon
Pulse Canada (Winnipeg, Manitoba)
11:25 am *Saskatchewan's Pulse Research Strategy*
Garth Patterson
Saskatchewan Pulse Growers
(Saskatoon, Saskatchewan)
11:45 am Discussion
12:00 pm Lunch and SPG Awards Ceremony
1:15 pm Announcements

Market Focus: Middle East and North Africa

1:30 pm *Middle East Market for Pulses*
Hakan Bahceci
Hakan Agro Commodities Trading Company
(Dubai, United Arab Emirates)
2:10 pm *North African Market for Pulses*
Alexandre Cherki
Ciacam (Marseille, France)
2:40 pm Discussion
3:00 pm Refreshment Break

2003 Market Outlook

3:15 pm *Market Outlook Bear Pit Session*
Moderator: Kevin Hursh
Hursh Consulting and Communications
Speakers: Marlene Boersch
(Winnipeg, Manitoba)
Brian Clancey
STAT Publishing
(Blaine, Washington)
Merv Berscheild
CGF Brokerage & Consulting
(Saskatoon, Saskatchewan)
4:15 pm Discussion
4:45 pm Door Prizes

Pulse Days2003

January 6th and 7th
Saskatoon Inn &
Prairieland Park,
Saskatoon

REGISTER NOW
For the Pulse Event of the Year

Saskatchewan Pulse Growers present Pulse Days, the world's premier producer conference on peas, lentils, chickpeas and beans.

With over 1,500 participants last year, space may be limited this year, so be sure to register early. **Saskatchewan producers can save 30% by registering early!** Registration for Saskatchewan Producers will be $30 at the door this year.

Program highlights include:
- A Pulse Research Poster Session which takes place during the Wine & Cheese Reception on January 6.
- A spectacular array of international speakers and local specialists.
- One free admission to the Crop Production Show.

You can experience Pulse Days live at the Saskatoon Inn or by video feed at Prairieland Park. While in Saskatoon be sure to take in other Crop Production Week activities and the Crop Production Show. See www.cropweek.com for the full agenda for both events.

Call it in
OR ▶ ▶ ▶
Mail it in

For registration information, contact:

Food Focus Saskatoon
A5A 116 103rd Street East
Saskatoon, SK S7N 1Y7
Ph: (306) 652-2691
e-mail: foodfocus@quadrant.net

Pre-Registration hours before December 18:
9:00 am – Noon
1:00 pm – 4:00 pm
Monday to Friday

Note: Payment must accompany registration.

REGISTRATION FORM

Space is limited! Register Now!

PARTICIPANT 1

Name: _____

Address: _____

_____

Town/Province: _____

Postal Code: _____

Phone: _____

❑ I prefer to attend both days at Saskatoon Inn ❑ I prefer to attend both days at Prairieland Park

PARTICIPANT 2

Name: _____

Address: _____
if different than above

_____

Town/Province: _____

Postal Code: _____

Phone: _____

❑ I prefer to attend both days at Saskatoon Inn ❑ I prefer to attend both days at Prairieland Park

Deadline for early registration is
Wednesday, December 18, 2002

Payment Enclosed:
Within SK: $20 CDN x ____ persons registered = $ _____
Outside SK: $40 CDN x ____ persons registered = $ _____

PAYMENT OPTIONS:

❑ I would like to pay by MasterCard ❑ I would like to pay by VISA

❑ My cheque is enclosed (cheque payable to Saskatchewan Pulse Growers)

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Cardholder Name (PLEASE PRINT)

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Card Number

_____
Expiry Date

_____
Cardholder Signature

RESOLUTIONS

Saskatchewan Pulse Growers has issued a Call for Resolutions for its Annual General Meeting (AGM).

The meeting is slated for Monday, January 6, at the Saskatoon Inn, during Pulse Days 2003.

Resolutions must clearly note the person who is proposing them.

A seconder will be called for at the Annual Meeting.

Robert's Rules of Order will apply.

Deadline: 5:00 pm, January 2, 2003

Saskatchewan Pulse Growers

Resolutions should be mailed to:
Saskatchewan Pulse Growers
310-111 Research Drive
Saskatoon, Saskatchewan, S7N 3R2
or faxed to: (306) 668-5557
or e-mailed to: pulse@saskpulse.com
by Thursday, January 2, 2003

CALENDAR

October 25
Call for Nominations Deadline
2003 Board of Directors
Saskatchewan Pulse Growers
(306) 668-5556
www.saskpulse.com
see page 19 for more information

November 21
"Innovation Saskatchewan"
Saskatchewan AgriVision Corporation Fall Conference
Saskatoon, Saskatchewan
(306) 966-5539

November 24–28
Canadian Weed Science Society 56th Annual Meeting
Saskatoon, Saskatchewan
(514) 630-4658
www.cwss-scm.ca

November 24–30
Canadian Western Agribition
(306) 565-0565
www.agribition.com
Regina, Saskatchewan

January 2
Call for Resolutions Deadline
Annual General Meeting
Saskatchewan Pulse Growers
(306) 668-5556
www.saskpulse.com

January 6–7
Pulse Days 2003
Saskatchewan Pulse Growers
(306) 668-5556
www.saskpulse.com/pulsedays
see pages 30–31 for more information

January 6–10
Western Canadian Crop Production Show
(306) 931-7149
www.saskatoonex.com
Saskatoon, Saskatchewan

April 29–May 3
International Pulse Trade and Industry Confederation (CICILS/IPTIC) Convention
Melbourne, Australia
www.cicils2003.com

by Holly Mayer

The US Farm Bill

How Will It Impact Canada?

The George Morris Centre recently published a Special Report on the effects of the 2002 US Farm Bill on commodity markets and Canadian agri-food. The provisions of the Farm Bill that pertain to pulse crops and pulse growers have been summarized here.

After two years of political debate, the President of the United States signed the Farm Security and Rural Investment Act (FSRIA or "Farm Bill") of 2002 on May 13th, 2002. The cost of this Farm Bill is estimated by some to be US$297 billion over 10 years, and will govern US Federal farm programs for the next 6 years.

Commodity programs are the core of the 2002 Farm Bill, and the component that directly affects pulse crops. Essentially, it is a price and income support program that has elements of previous Acts since the 1930s. Previous Acts covered primarily major field crops. Over time, different versions of commodity loan programs have been designed to provide different benefits to producers, and have addressed different policy goals. The policy goals and program benefits have included price support, income support, price stability, and short term liquidity.

The three distinctive parts to the Commodity Programs component are:

- marketing assistance loans and loan deficiency payments (LDPs);
- counter-cyclical payments; and
- direct payments.

Three pulse crops (small chickpeas, lentils and dry peas) are now eligible for marketing assistance loans and LDPs for the first time. Essentially, this program limits downside price risk by creating a price floor, while still allowing farmers to capture any potential market gains.

Mechanics of the Marketing Loan Program

In addition to pulse crops, wheat, corn, soybeans, sorghum, barley, oats, rice, upland and ELS cotton, minor oilseeds (including canola, sunflowers and flax), wool, mohair and honey are covered by this program. Producers receive a loan from the government at a commodity-specific loan rate per unit of production by pledging production as loan collateral.[1] Farmers may obtain a loan for all or part of their new commodity production after harvest. Loans can be repaid any time prior to maturity, which is nine months following the month in which the loan is made. These loans may be repaid in one of the following three ways:

1. At the original loan rate plus interest costs
2. By forfeiting the pledged crop to the government at loan maturity
3. At market price, if it is lower than the loan rate

IN BRIEF

An overview of the short- and long-term effects of the latest in American ag policy.

When market prices are below the original loan rate, producers are allowed to repay the loan at market price. These market price repayment rates are based on local posted county prices (PCPs) for wheat, feed grains, and oilseeds. PCPs reflect price changes in major terminal grain markets, and are corrected for the cost of transportation from the country to the terminal. If the loan is repaid when the market price is lower than the loan rate, the difference between the original loan rate and the market price, called a marketing loan gain, represents a direct monetary benefit to producers. In addition, any accrued interest on the loan is waived.

Producers who do take out loans can lock in a repayment rate for 60 days. This can only be done once over the period of the loan, and after 60 days the producer must take the market price. This option allows producers to lock in a favourable repayment rate if market prices are rising or the producer believes they will.

Alternatively, when market prices are lower than loan rates, farmers may choose to receive these marketing loan benefits through direct loan deficiency payments (LDPs). The LDP rate is the amount by which the original loan rate exceeds market price, and is equivalent to the marketing loan gain. The LDP option is much simpler to administer, and allows the producer to receive the benefits of the marketing loan program without having to take out a loan and then repay it.

Implications

The loan rate program is clearly tied to current production, and since the loan rates are posted prior to seeding, producers have the opportunity to estimate the relative benefits (payments) per acre and make production decisions accordingly. The supply response that results from these production decisions is the implication of interest to Canadian producers.

The primary methodology used in calculating the financial incentives that will affect producers' planting decisions is to subtract total variable costs from the loan rate, on a per acre basis, to arrive at a "loan rate contribution margin" per acre. The loan rate margin, therefore, represents the guaranteed amount producers will receive from the government after paying their variable costs (or below variable costs if the margin value is negative).

These margins are shown in Table 1 for the US and four major agricultural regions.[2] Variable costs were calculated on a regional basis using USDA data for 2000. They include only those costs specific to growing each crop, and do not include general overhead, land rent, management labour costs, property taxes, depreciation, insurance, etc. Yields per acre are also regionally based, however the loan rate used is the national rate, not a regional rate.

Comparing loan rate margins between crops in each region reveals where the

Table 1: National and Regional Loan Rate Margins, US $/acre

	Corn $/acre		Soybean $/acre		Wheat $/acre		Cotton $/acre	
Region	**2002-03**	**2004-07**	**2002-03**	**2004-07**	**2002-03**	**2004-07**	**2002-03**	**2004-07**
US	111.73	107.59	127.88	127.88	46.90	45.02	35.78	35.78
Heartland	131.97	127.53	150.62	150.62	91.45	88.50	122.71	122.71
Northern Great Plains	58.68	55.77	123.99	123.99	42.31	40.63		
Prairie Gateway	64.05	60.24	47.62	47.62	30.31	28.89	-10.65	-10.65
Southern Seaboard	53.95	50.77	103.74	103.74	21.74	19.61	75.28	75.28

Source: Authors' calculations, http://www.ers.usda.gov/data/costsandreturns/data/current/

greatest financial incentives are, and consequently what the supply response is anticipated to be. The numbers in bold in Table 1 are the highest loan rate margins for each region. For all regions except Prairie Gateway, soybeans have the highest loan rate margin (even though the loan rate is lower than in the previous Farm Bill), and therefore the greatest production incentive. For this reason, we would expect to see an increase in soybean acreage in the major soybean-producing areas of the United States. Since soybeans must be grown in rotation with another crop, preferably a grass, the likely rotation candidate is corn, except perhaps in the southeast where cotton has the second highest margin. The other major potential rotation crop would be wheat, however the loan rate margin is higher for corn than it is for wheat in all regions.

The variable costs and yields for pulse crops were taken from crop production budgets developed by the University of Idaho for chickpeas,[3] and the University of North Dakota for peas and lentils. The loan rate margins for pulse crops are shown in Table 2.

The negative loan rate margin for chickpeas indicates that the marketing loan program does not provide a production incentive. There is, however, a production incentive for peas and lentils due to the relatively high loan rate margin. There are other factors that should be taken into consideration in determining the impact of the marketing loan program on these crops. US production is relatively small compared to Canadian production, and the largest pulse crop in the US, dry beans, is not included in the program.

Table 2: Loan Rate Margins for Pulse Crops, US$/acre

	2002-2003	2004-2007
Chickpeas	-42.52	-44.08
Peas	79.00	76.69
Lentils	91.71	89.07

Although acreage planted to these crops in the US has declined over the past few years, due largely to disease problems (notably chickpeas in Idaho) and a decline in prices, they were never major crops. This can be attributed to a combination of factors, including agronomic and climatic considerations, a lack of good varieties and a lack of useful pesticides. With the possible exception of pesticide registration, none of these factors have materially changed. Therefore, although there is now a guaranteed margin in growing peas and lentils, there are still several important limiting factors. For this reason, we do not expect to see a sudden significant increase in pulse acres in the US.

The loan rate margin for peas and lentils, however, is second only to soybeans in the Northern Great Plains region and comparable to wheat in the Heartland region. This could provide the incentive for producers to increase acres planted to these crops over time, if better varieties are developed and if the climatic and agronomic conditions are found to be suitable. The implications for Canadian pulse producers of increased pulse crop production in the US would be negative pressure on world prices, and would also likely mean greater competition for Canadian producers in foreign markets, as a significant proportion of these crops are exported. The potential effect on Canadian producers of these crops, however, is more likely to be felt in the mid to long-term, rather than in the short-term.

Other parts of the Farm Bill that have the potential to impact the Canadian agri-food industry and Canadian producers include the export trade and aid programs, country of origin labeling provisions and conservation programs. These programs, and the impact of the Farm Bill on the current round of WTO negotiations, are discussed in detail in the George Morris Centre's Special Report The 2002 US Farm Bill's Implications for Commodity Markets and Canada's Agri-food Sector. The report is available on the Centre's website: www.georgemorris.org.

Notes

1 The loan rates for pulse crops for 2002-2003 are $7.56/cwt for small chickpeas, $11.94/cwt for lentils and $6.33/cwt for dry peas.

2 These are USDA regions, and do not necessarily follow state borders. We used state averages for each region. The states are Heartland – Iowa; Northern Great Plains – North Dakota; Prairie Gateway – Kansas; Southern Seaboard – North Carolina.

3 The chickpea budget was for large chickpeas; it has been adjusted for small chickpeas.

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IN BRIEF

Dry bean production is poised for growth in Saskatchewan, but it hinges on the supply of good-quality, disease-free seed.

Bean Seed Production in Saskatchewan

The dry bean sector of the Saskatchewan pulse industry is poised for expansion now that seed of better-adapted varieties like CDC Pintium is more widely available. Growers and agronomists in both dryland and irrigated areas are developing suitable narrow-row production systems using various types of seeders and swathers. In 2002, contract production of pinto beans for Saskatchewan delivery was offered for the first time. If pinto bean prices remain favourable, we expect a further expansion of production for 2003. Three bean breeding programs in Canada are turning out improved earlier-maturing bean varieties: Crop Development Center in Saskatoon, AAFC Lethbridge, and AAFC Harrow in Ontario.

A critical issue in all bean production systems is the supply of good quality, disease-free seed. Several seed growers in Saskatchewan have been developing their skills in anticipation of a significant growth in the demand for their services. In some cases, the lack of seed production standards for Canadian-produced bean seed is limiting the acceptance of these new varieties by experienced and successful commercial bean growers. These growers have been told to never plant "bin run" seed. Currently, CSGA regulations require that a pedigreed bean seed crop cannot be grown on commercial bean stubble or stubble of another bean variety. The isolation perimeter for a field producing certified seed is 3 meters. A very limited amount of off-type beans, peas, and faba beans is allowed. The minimum germination percentage is 75% for number 2 pedigreed seed. No provision is made for seed-borne disease levels. Bacterial diseases like common blight, halo blight and bacterial brown spot represent the biggest threats for growers in Saskatchewan at this time. Right now, we assume that common blight (Xanthomonas campestis pv phaseoli) is the main culprit of concern for the types of bean varieties currently grown in Saskatchewan.

The appearance and integrity of bean seed is important to commercial growers because seeding costs for bean crops can be high, and successful stand establishment is the key to growing a good crop of beans. Establishing attainable but acceptable bean seed production standards is a crucial economic factor for the expansion of Saskatchewan's bean industry. The Irrigation Crop Diversification Corporation (ICDC) is working with public researchers and industry in Saskatchewan to develop new bean seed standards, which will likely include field inspections with disease scouting at podding, four-year crop rotations, isolation, and a seed health test. These standards will be based on a combination of field experience and research results. The two equally important issues addressed by the seed standards will be seed-borne disease and physical damage to the seed. Neither is specifically addressed by current CSGA seed standards for beans. Threshing at an optimum moisture content, and very gentle handling of beans during harvesting, cleaning, and bagging operations is important for reducing physical damage to bean seed.

Improved seed standards would ideally include field inspection and seed testing for bacterial blights and anthracnose, the two main seed-borne diseases of concern in Canada. A step in this direction was taken in 2002 with a research project on common bacterial blight. New commercial methods of testing bean seed for bacterial blights are

being developed by 20/20 Seed Labs. Laboratory test results are being compared for 30 seed lots based on three methods: DNA analysis, selective plating of bacteria on seed, and (the stand-by) germinated seedling analysis or 'dome test'. The same 30 bean seed lots were seeded at CSIDC (Canada-Saskatchewan Irrigation Diversification Centre) in Outlook, SK to relate seed test results with disease development in the field. After all, what good are seed tests if no one can confidently interpret the results?

Genetic improvement of common blight resistance through plant breeding attacks the problem of seed-borne blight from another direction. New resistant varieties will be phased into the bean seed system in the future. This activity is slated for the fast-track in collaboration with the pulse research group at the CDC and the U of S. For the next 5 years, however, agronomic management of common blight in both seed and commercial fields will be a crucial step to expanding bean acres across Saskatchewan. The 'one-two punch' combination of agronomic management and breeding for resistance should help reduce concerns about seed-borne common bacterial blight in Saskatchewan.

Anthracnose has not yet been reported in Saskatchewan, but has become an issue in North Dakota and Manitoba in the past few years. Proper crop rotation, use of clean seed and seed treatment can prevent its spread into Saskatchewan. Our bean seed growers want to cultivate a reputation for producing excellent bean seed. If seed producers have followed established standards comparable to those of the competition and have a relatively clean and undamaged product, Saskatchewan bean seed will be acceptable to bean companies and individual commercial growers.

The relatively slow rate of seed multiplication for large-seeded pulses like pinto bean is another challenge for bean seed production in Saskatchewan, especially with two years of drought in some areas. Irrigated bean seed production in Saskatchewan offers the advantages of lower production risk, higher seed multiplication rates, and experienced bean growers. A core group of bean growers around Lake Diefenbaker have been growing beans commercially for 10 years and, more recently, for seed. The anticipated expansion in dryland bean acres can be greatly assisted by this reliable and productive irrigated area. Irrigated and dryland CDC Pintium seed should be available for commercial growers for the 2003 season.

Garth Patterson
Executive Director

The New Pulse Checkoff

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Saskatchewan Pulse Growers

Thanks to your strong support, we have given our industry a great opportunity to increase its competitiveness through increased research investment by growers, industry and government. As of August 1, 2002 the checkoff increased to 0.75%. The checkoff will increase to 1.0% effective August 1, 2003. The Board chose to phase in the checkoff increase over two years in order to ease the transition for growers. In the interim, we will utilize our reserve funds to support increased research funding.

In the fall of 2001, Pulse Canada completed a one-year review of Canadian pulse research. The results were alarming. Pulse Canada estimates at least a $20 million shortfall in annual pulse research funding and additional shortages in infrastructure funding. Canada's pulse sector has achieved 1300% growth in the last decade, while total pulse research expenditures have remained almost steady over this time period. The research investment into pulse crops is only about 10% of the annual investment into canola research at a time when pulses generate almost as much revenue at the farm gate.

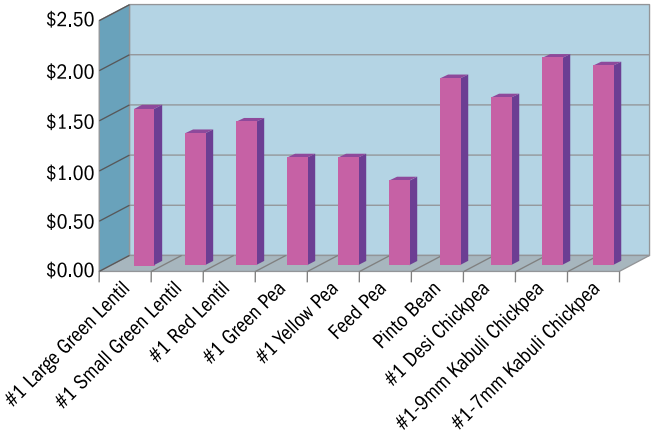
Meanwhile, our competitors are doing more. Canada grows about five times more lentils than Australia. We have a half-time breeder and a part-time pathologist, while Australia has a national breeder and a functioning network of assistant breeders as well as a dedicated lentil pathologist. India has about forty chickpea breeders while we have one half-time breeder.

Thus far, Saskatchewan has achieved its expansion by using technology developed in other parts of the world. We have now exhausted these methods. To remain competitive and achieve future growth, we must substantially increase the level of research funding. Funding priorities under Pulse Canada's research strategy include enhancing critically needed breeding capabilities and augmenting research resources in disease management, crop protection, quality and new uses.

Organization	Levy
Saskatchewan Pulse Growers	0.75% non refundable (increasing to 1.0% in 2003)
North Dakota Dry Pea and Lentil Growers	1.0% refundable
Idaho Dry Pea and Lentil Growers	1.5% non refundable
Washington Dry Pea and Lentil Growers	1.0% non refundable
Australia (all crops)	1.0% non refundable

Average Levy per Acre (0.75%)

(Based on Estimated Gross Revenue per Acre from 2002 Crop Planning)



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