A Prosperous Future for Producers: Our Background and Mission

We opened the 4th volume of our articles with a long history of grain trades going back many millennia. Then we examined the more recent history of our grain trades to shed light on how our overseas exports got trapped in bulk-trades, followed by another piece on how to escape this bulk-export trap. Our last article provided a bit of a road map on how to kick-start direct sales when global markets were in turmoil.

These four articles attracted a total of more than 2000 site-sessions, a record so far since our launch last Fall. We are delighted with the growth in our website-visits, now close to 10,000, with more than 600 hours of visitor engagement, not bad for a mere information-portal. With this achievement we have declared our experimental launch a "victory" – proof-of-concept validated, now on to real trade-facilitation!

With this article, we decided to take a bit of a pause and provide a statement of clarification on the nature of our mission or mandate, with some background on how we got involved in this domain and how we launched this information portal, soon to turn into a trade-facilitation platform with a real purpose, not just ideas or concepts.

Our platform's mission is plain and simple: trade facilitation by opening direct-sales channels to overseas export markets and supporting the fulfillment of those sales in containers. The motivation behind our mission is a firm belief that despite all the advancements and export growth the Prairies have achieved, our grain economy is not living up to its full potential. Those who suffer most are producers, with their margins being squeezed and their diversification prospects being thwarted.

At the root of these problems is captivity to bulk-trades, a condition inherited from the CWB-era and perpetuated by corporate interests that became the custodians of those bulk-trades. We can harp on ill-guided government policies for this bulk-trap, but we refrain. Looking forward, instead of government intervention, we rely on market-based solutions to liberate producers, and with them all stakeholders of the grain-economy, even the vested interests if they follow the new wave of change.

In this article we start a recap of how the bulk-system evolved over the years, going back to the early years of the last century, and how it advanced and developed in the post-WW2 era under CWB, surviving into the privatized age. Then we turn to our own background in intermodal systems going back at least 40 years, the last half of which spent in Asia gaining hands-on experience from massive intermodal projects.

Against this background, we describe how our earlier initiatives to containerize Prairie grain exports evolved into the *information-portal* we are using here. Then we outline our plans to develop this into a trade-platform, structured in three layers: *Virtual Trade-Mall* to promote the Prairies in export markets, *Trade Facilitation* module to connect buyers and sellers to engage in contract negotiations, and *Trade Logistics Support* layer to facilitate the execution of containerized grain-shipments.

A brief history of Prairie grain exports

Our readers may already be tired of our historical references, but one cannot possibly understand the unique issues facing producers without an understanding of this past. At the turn of the 20th century, the Prairies were still being settled but were growing increasing volumes of wheat. With limited local population much of this had to be exported at larger and larger scale, in different ways and channels.

Early days: Railways were instrumental in both settling the region and later moving grains to export positions, and following Confederation, the government had the vision to build them. But it was not smooth sailing for the settlers, who by now had become a new class of wheat-producers: trying to overcome the challenges they faced, not only in farming, but also getting what they harvested to market. Despite all these difficulties, output was on the rise, and so was its share of exports.

In the early 20th century, a class-warfare had started brewing, with the grower-associations challenging the Winnipeg grain-traders. The tensions continued but a semblance of accommodation was maintained; however, WW1 delivered a fatal blow to grain-markets. The government stepped in to monopolize wheat-trades in 1917, and to ride out the post-war storm, set up the Canadian Wheat Board; it would be disbanded a year later, as there was a staunch determination not to extend it.

Into the 1920s, producer associations strengthened their resolve to renew their fight against trading interests through the formation of wheat-pools. Producers appeared to be winning the class-warfare, but they were ill-prepared for the *Great Crash of 1929*, leaving the pools virtually bankrupt. This forced the government to intervene once again with the re-establishment of CWB in 1935. During WW2, CWB set price for wheat, oats, barley, flax, corn, rapeseed, and sunflower. In 1943 membership became compulsory, with CWB becoming the single buyer and seller of all grains.

Post-WW2: CWB was meant to be a wartime measure but turned into a permanent feature of all grain-trades for three decades, and then four more decades for non-feed wheat and barley. Through the 1970s the most intense pressure to end CWB's power came from the feed domain, with the powerful meat-dairy industry leading the way. One of the most controversial crops was oats, as its drop from CWB's net coincided with a sharp plunge in price, followed by a dramatic reduction in acreage.

The most significant impact associated with the curtailment of CWB's scope was canola. Its introduction to the Prairie crop-mix did indeed coincide with many crops being dropped from CWB's mandate, including rapeseed. This was the result of years of research in adapting rapeseed to local conditions, with superior oil and meal qualities. It was a major achievement, with canola becoming the region's 2nd largest crop behind wheat, in both production and export volumes. However, this growth could have happened even if canola had remained under CWB, like the expansion of wheat production and exports in the post-WW2 era under CWB's jurisdiction.

We are not reaching this conclusion as advocates of a single-desk system, as we had not shed any tears over crops being dropped from the system, nor when CWB was abolished. But we could relate to the virtues of a marketing-board in promoting grain exports, even if that board was allowed to trade, as long as selling to the board was voluntary. This could set a price-floor for all traders (board or private), while also giving producers the option to sell through direct-channels at market prices.

CWB debate: The never-ending debate over the CWB had been politically charged and highly polarized: those in favour of it for the sake of stability and security *versus* those in favour of market freedom. The debate was always about what crops to free from CWB's jurisdiction, always with lip service to voluntary participation but never any serious consideration given to marketing-boards. The focus remained on board versus non-board crops, giving producers a choice to opt out by what they produced, not how they sold any given crop. Board-crops dwindled to wheat and barley, but still, represented the largest production volumes, and half of our total grain-exports.

As more crops were dropped from CWB's mandate, direct-sales channels started to take hold in domestic markets, even across the border to the US. The trends that had started with feed-grains were quick to spread to other crop domains. Corporate buyers were stepping in to buy directly from producers, cutting out traders unless they had some value to add to supply-chains. Cereal-makers across North America were expanding their procurement programs, while Prairie producers were selling direct to crushing or processing plants, and once wheat was freed, also to flour-mills.

Direct-sales channels were key to bringing the necessary market discipline on North American grain-trades, with producers getting their fair share with multiple buyers competing for their crops. There was still more value left over for end-users to realize savings by cutting out trading intermediaries, especially if they had no value to add. This was how grain-markets were supposed to work, benefiting producers and end-users alike. But the same did not happen in overseas exports, which remained captive to bulk-trades. Even canola had fallen into this bulk-trap outside CWB's domain, and wheat stayed in the same trap, even after CWB was abolished.

Remaining problems: Since the debate on grain-trades had been so focused on the evils of a single-desk agency, with the abolishment of that agency an all-out victory was declared. Now all grain trades were in private hands, and no attention was paid to the remaining structural problems in overseas trades. North American trades were functioning competitively under the market discipline imposed by direct-sales, but overseas exports remained captive to bulk-trades, with considerable market power in the hands of a few grain-companies. However, nobody seemed to care about the implications of this, be it for producers or the grain-economy at large.

Overseas exports are of critical importance since we produce double what we can consume domestically and export to the US. Exports must continue to increase since crop-yields are rising faster than domestic consumption, and export prospects to the

US are limited since they also produce more than they consume. Some believe we should curtail overseas exports and remain self-sufficient, but the only way of doing that is abandoning farmland to other uses, and that is neither desirable nor practical. Thus, producers face an export imperative; the problem is that the margins they get from overseas exports tend to be narrower than what they get from domestic sales.

We attribute this to lack of sufficient competition among a few grain-companies, the gatekeepers of bulk-systems – price takers from world markets but with little incentive to compete among themselves in procurement, knowing that sellers are captive to bulk-trades. They tend to squeeze producer margins, while also hindering their diversification to higher value crops. Bulk-traders are driven by volume, and are thus more inclined to consolidate staple-crops than to deal with specialty crops.

Crop-diversification is as pressing an imperative to our high-cost grain-economy as export growth, since our bulk-exports face increasing competition from emerging grain regions with much lower production costs. Producers have every incentive to shift to higher value-crops, but not the bulk-grain traders, as their consolidation assets (inland elevators and coastal terminals) are more conducive to staple-crops that trade in large volumes with high-turnover. Then, why don't producers switch to crops that are in their own best interest and start trading through other channels?

<u>The solution:</u> If overseas grain-trades were not captive to bulk-trades, we would not be talking about these problems. Across North America, direct-sales to corporate-buyers impose market discipline on grain-trades to function competitively. These types of sales take place because they can be fulfilled by truck or rail deliveries from production sources to processing plants, with no need for handling or consolidation by intermediaries. The same can be done with overseas exports by containers, which grain-trades are already turning to in many competing parts of the world.

We have been developing our bulk-systems for more than a century – consolidating at inland elevators, transporting to export positions by rail in hopper-cars, storing in giant coastal terminals, shipping to overseas markets in bulk-vessels, letting counter parties to bulk-trades receive on their shores and look after local distribution, often changing hands through multiple intermediaries before grains reach end-users.

Though we have embraced this as the only and most efficient way to export grains to overseas markets, there is a better way: selling directly to end-users and getting crops delivered to their doorsteps in containers, with integrity intact and if necessary identity-preserved. Instead of consolidating at elevators, producers can get grains cleaned, graded, tested, and loaded into containers to be transported anywhere.

Intermodal systems have developed in most parts of the world to a point where most trades can be containerized, including grains, at lower cost per ton than in bulk – particularly where containers are returning empty like westbound across the Pacific. Also, buyers realize savings in getting specific types or grades of grains they want, in quantities they need, and in accordance with their production schedules.

How did we get involved in intermodal systems?

The mission of our platform is to achieve a *paradigm-shift* in overseas grain exports, away from bulk-systems to direct-sales that can be fulfilled in containers. In this vein, we are pursuing a dual-agenda: attract corporate-buyers to procure the grains they need directly from production-sources and facilitate the development of containerized grain handling and logistics solutions. Before getting into our trade-mission, let us provide some background on how we got involved in this field.

Industry background: Our principal founder started a consulting practice in the 1980s, one of the areas focused on was cost-analyses across different modes – marine, rail, truck, and intermodal. Many of the projects involved multi-modal cost modelling for freight or commodity movements. Grains were central to this work in the Great Lakes region involving shipping, but later expanded to rail across the Prairies in regulatory cost-studies, as well as port related matters on the West Coast.

Ironically, the trucking-practice had developed from a railway-funded research project into the impacts of technological and regulatory change on trucking costs. This was also the time when interest in intermodal-systems was heightening with the advent containerization. The railways at the time were staunch believers in the cost advantages of boxcars, thus did not want to hear much about containers. However, that did not stop them from introducing container-services, and in time container-trains across the country, with flood of containers pouring in from both shores.

At the time, another partner led the marine-port side of the practice, while our principal founder looked after the truck-rail side, but both were firm believers that transport systems were at the cusp of an intermodal revolution. Containers had already made inroads into manufactured goods, but forest-products and agricultural-goods were next. The old-guard at ports was not ready to accept this reality, viewing containerships as just another vessel-class, with no understanding of shipping-lines or their container-flow management practices that are key to intermodal trends.

In 1990 the practice was awarded a contract to investigate container-shortages in Saskatchewan, and how this bottleneck was hindering export prospects. Skeptics could not relate to the possibility of pulling containers so far inland and believed that any effort would be futile, but of course they were wrong. Several initiatives were recommended, including an inland container port, like the one in Calgary. It would be built two decades later but with no understanding of how this concept could be operationalized; railways and ports were the focus of attention, not shipping lines.

In 1991 our founder was appointed to Chair the *Grain Transportation Taskforce*, by a Minister in charge of transport and agriculture. The recommendations of the Task Force – consisting of a retired deputy-premier, academics, industry executives, and union leaders – included rural-road improvements, branch-line abandonments, and grain-containerization. After the Minister was moved elsewhere, the report never saw the light of day – one can only assume due to pressure from vested interests.

International experience: Later that decade the focus of the practice shifted to international projects funded by agencies like World Bank, ADB, and our own CIDA – mostly in China but also in the Middle East and Africa. This sparked the next phase with a move to China, where our founder would spend the next 15 years living and working in the Asia Pacific region, working on various investment feasibility, capacity development, intermodal systems, cost-analysis, and supply-chain studies.

As we tried to portray in our last article on containerization, we were watching an intermodal revolution unfold in front of our own eyes at a furious pace. What most global experts would give at least half a century to complete, took a decade to shape. This unfolded along two corridors, north and central. Early efforts were in Baotou, Inner Mongolia, followed by Lanzhou, Gansu, and ended with a logistics-study in Urumqi, Xinjiang, where we witnessed containerized tomato-products and bulk-wine being shipped to Tianjin – Prairie-grains would be easy in comparison.

Involvement along the central corridor had started in Nanchang, Jiangxi with a modest inland container depot operated by China Shipping. The problem across China was moving containers by rail. Soon after the establishment of a container-train operation, a joint-venture between Maersk and China Rail from Shanghai to Chengdu, gave clues to how this problem was going to be resolved. Soon after, the development of the largest inland-container-port one could have ever imagined got underway just north of Chengdu, the capital of Sichuan Province in the southwest.

There was also a massive initiative to invest in a dozen inland container ports like Chengdu, and container-train operations in partnership with China Rail that would serve all the inland ports. It was difficult to relate to the scale, let alone come to terms with the investment risks, but everybody was trying to get a piece of the action. The best advice we could give our client was to stay away. But looking back on the recommendation to build an inland-container-port in Saskatchewan, it was not that crazy after all – if only those who took it over knew what they were doing.

At this time, China's *Belt and Road Initiatives* stretching from East Europe, across Central Asia, to Asia Pacific were being developed. It involved road, rail, and port investments, together with intermodal transport services and a concerted effort to revive agriculture in the region. This reinvigorated a keen interest in agriculture and inspired our project initiatives like a *Food Distribution Centre* and a *Trade Mall*.

Efforts upon returning to Canada: Returning to Canada after a long career spanning the world and back, our founder was in a state of semi-retirement, but that did not seem to be in his nature – particularly seeing how far behind Canada was falling. Taking on some advisory projects, mainly with an old client in the logistics business, interest turned to trading opportunities with Asia Pacific. Grain-exports seemed to be a promising domain; China had become our largest grain-export market, but trade-volumes were still in their infancy and trapped in the bulk-warp. The future was in containerized grain-exports, not just to China but all of Asia Pacific.

The first task at hand was to try to understand container flows in and out of Port of Vancouver, as well as Prince Rupert, which had changed quite a bit in the last couple of decades. Findings were not surprising: there were enough empty containers returning westbound to accommodate 10-15 MT of grains, and there were a bunch of people who did not have a clue how to utilize that capacity. Discussions with shipping-lines confirmed what was already known, that with proper planning and coordination, containers could be pulled inland to serve Prairie grain-trades.

A critical factor and impetus to pursuing this initiative was reconnecting with an old friend, someone worthy of enormous respect, a third-generation farmer and an ex-minister who had appointed our founder to Chair the Task Force. He agreed to Chair the company as it began to gain momentum. Also lined up was a grain handling and containerization operation in experienced hands. We focused our efforts on half a dozen grain-importers with interest in containerized deliveries – ready to roll.

This was when our Prime Minister, whose father had opened us up to China, was dancing in the streets of Shanghai with cheerleaders, and a newly appointed China-friendly Ambassador was ready to open a bright phase in our relations. As we were getting ready to launch this venture, however, everything went sour, with mutual threats of diplomatic hostilities. With the Trump administration cheering Canada on to become even more hostile, this was not a time to embark on a trade venture.

We took a cooling off period from trading interests with a plan to widen our reach to all of Asia Pacific with a different business model. Whether our trading relations with China stayed frozen or not, the region was still the largest market for our grain exports. And this time, we decided to pursue a very different business model: rather than trading directly, we decided to launch an online trade-facilitation platform.

What to expect from our platform?

You may wonder what the difference is between trading and trade-facilitation. Let us try to explain the difference in reference to other platforms. Amazon has been hugely successful as an ecommerce platform, basically an online retail platform that sells a wide variety of merchandise and makes profits by adding a margin to the prices charged by the actual vendors of those merchandise. Amazon also makes money from warehousing and delivery services, as well as merchandizing initiatives.

There are also several online sales platforms that have emerged in recent years specializing in agricultural products or merchandise. Probably the most common ones are in the specialty-crop domains where consumers can make online purchases – packaged cereals or other crops, as well as processed products ready to cook or eat raw. Basically, they are branded consumer products with an online market as an alternative to store-shelves, like in many other if not all consumer product domains.

We on the other hand are targeting a very different market, crops to be sold and shipped in quantities measured not in kilograms but tons – minimum 20-25T in a container, but often multiple container-loads. Some crops like cereals and pulses are more market-ready, at least after some processing and packaging. But much larger volumes of grains that trade globally are destined to further milling or processing – like wheat for milling, canola for crushing, soybean for processing, barley for malting.

Most grains are treated as mere commodities, consolidated and traded in large volumes. They tend to be classified in broad crop-categories, but their finer grades, varieties, and even more specific quality attributes, are of value to end buyers, thus product integrity must be preserved. Though these attributes may not be to exact standards, they have more in common with intermediate-goods that go into production-chains, than the mere bulk-commodities that they are treated as.

Thus, the domain we were tackling was like neither online merchandise-sales nor electronic commodity-exchanges. The most suitable reference point we could find for the platform we had in mind was one developed by *Ali Baba* to support small-and-medium enterprises (SMEs) to define a role for themselves and compete as suppliers along various supply-chains. The platform provided visibility into these suppliers and encouraged buyers to contact them directly to negotiate product details and agree on contract terms and conditions. Thus, instead of a one-click product sales platform, it is a sales-facilitation platform to work out custom details.

We took our cues from this Ali Baba approach and adopted a version of it to grain trades to serve producer interests, akin to the lifeline Ali Baba had thrown to SMEs along various product supply-chains. We are now developing our platform with three layers: the virtual *Grain Mall* to extoll the virtues of Prairie grains to attract buyers, the *Trade Forum* for buyers and sellers to connect and negotiate contracts, and *Trade Logistics* to support contract fulfillment. Before this platform, however, we launched our mission as an *information-portal* to gain producer acceptance.

Gaining producer support: Prairies are among the most advanced grain-growing regions of the world. The region has a long-established reputation as a premium source of wheat, with the varieties it grew to the highest quality standards, particularly durum. In the shadows of this staple export-crop, it had also become the largest exporter of canola, a rapeseed variety with superior attributes. Recently, it also started growing pulses, which the region proved to be particularly suitable for.

Canadian grain exports have been increasing steadily, now as much as half of the volume we produce. We had been involved in the grain sector in policy and logistics capacities, but living abroad for more than 10 years gave us a unique perspective, mainly worrying about our vulnerability to competition from emerging grain regions. As a high-cost region, we must diversify our export mix to higher value crops and shift away from bulk-trades and into containerized exports like most other regions.

Upon our return to Canada, we saw a very different landscape, liberalized trade and privatized industry, but we were still too dependent on staple export-crops (wheat and canola 75%) and too captive to bulk-trades (85% of exports). Producer interests were, and still are, in peril: squeezed margins and limited diversification prospects. Salvation was in direct-sales and containerization, prevalent trends in global grain trades, but our grain industry seemed ambivalent, unwilling to embrace them.

After assessing the market prospects, particularly in Asia Pacific, Canada's prime export destination, which we were most familiar with, we developed a strategy to move grain-exports away from bulk-trades to direct-sales, thereby promoting value-driven diversification. We knew we were going to face resistance from vested-interests, but we did not know how willing producers would be to shifting course – even though our strategy was developed mainly to serve their interests.

We had developed a conceptual platform strategy – not for ecommerce but trade-facilitation, more suitable to grain-trades. Initially, however, we had to test the market; we were confident of attracting buyer interest from overseas, but not quite sure of producers' willingness to change. Instead of the traditional approach of developing a prototype, we decided to test producers with what we called an *information-portal* – laying out our ideas through a series of articles to see how producers would respond. Since our launch last Fall, the reaction has far exceeded our expectations – thus, we are proceeding with our platform development strategy.

Attracting overseas buyers: As the 5th largest grain exporter in the world, we are known not only as a large producer (9th in the world) but also as a source of quality crops. However, our reputation is somewhat warped by our bulk-orientation. Our grain companies have always done the exporting, and mostly did it in bulk, earlier through CWB, and now through private trading channels. The counterparties to these bulk-trades do the receiving and local distribution through wholesale channels.

End-users, our target buyers for direct-sales, often do not even know that the grains they are crushing, milling, or processing are grown-in-Canada. They know next to nothing about our primary production sources, farms, where they can reach out to procure a huge variety of quality crops to meet their needs. They are not even aware of containerization options whereby they can get what they buy delivered to their doorsteps when they want, with crop-quality intact, even identity-preserved.

To cultivate direct-sales channels, we face a challenge of recasting our global image, but not a very difficult one as we have real virtues to promote. In the past, we only had the options of calling, mailing, or joining trade-missions, but now the Internet is at our disposal. To this end, we developed a *Virtual Grain Mall* concept, a platform we can deploy to extol the virtues of our farms as well collective attributes:

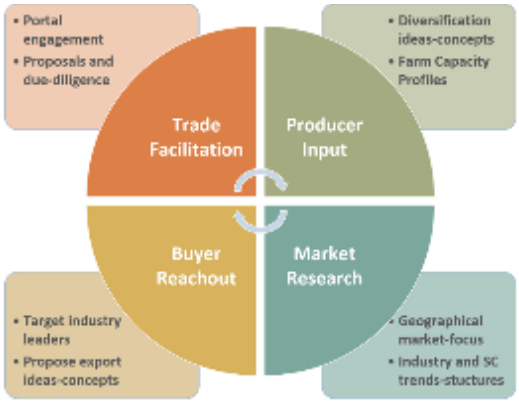
- Grain Stores: All participating producers will be represented by their own profiles with photos and videos – highlighting crop varieties, storage facilities, farm machinery, management systems, and other technology applications.
- Crop Alleys: We will create virtual lanes or market-centres to display the region's crop varieties, including types and grades of our staples (wheat and canola), pulse varieties, specialty-crops, as well as organically grown crops.
- Thematic Pavilions: Aside from individual-farms and crop-varieties, we will bring attention to our collective attributes as a region – highlighting our agronomy research capacity, quality assurance systems, and sustainability.
- Special Features: In addition to permanent features, we will put on thematic video-shows and webinars on topics of interest to global buyers; we will stage campaigns through e-media channels to attract visitors to the mall.

This will be the fist *virtual-mall* of its kind, certainly in grain-trades, built to promote the virtues of our farm economy, where buyers can visit online and procure grains.

Trade facilitation forum: We will also build a trade-facilitation layer into our *Virtual Grain Mall*, a platform for producers to post *crop-offers* and prospective buyers to post *purchase-requests*. Grain-trades do not naturally lend themselves to one-click-sales, and those e-commerce platforms taking this approach have not been very successful. But there is a huge potential to nurture trade-relations through a consultative-approach, by connecting buyers and sellers, paving the way to contract-negotiations, and hopefully concluding in sales to the satisfaction of both parties.

- Crop Offerings: In preparing farm-profiles we encourage producers to state what they are growing in the way of crop varieties and grades, as well as what they expect from this year's harvest in terms of crop-volumes, again by type and grade. Clearly, a natural extension of this is to post *crop-offerings*, not committing to any sales in advance but seeking expressions-of-interest from prospective buyers. This will help them test the market conditions prior to engaging in contracts, whether through bulk-trades or direct-sales.
- Purchase Requests: As we noted above, we will be actively promoting the *Grain-Mall* in overseas markets to attract prospective buyers to visit online and see what our region has to offer. Obviously, the reason for them to visit our portal will stem from a desire procure crops, as tentative as that intent may be at that stage. If they had any real interest, they would be willing to engage by posting *purchase-requests*, perhaps not make price offers at this stage, but like producers, at least to test the market for what they need.
- Trade Negotiations: Our role will be monitoring both *crop-offerings* and *purchase-requests*, in fact actively encouraging both buyers and sellers with suggestions or even enticements to engage further. This may well lead to further dialogue between the parties, which is all we expect at this early stage, but by establishing a channel through the *trade-forum* we would have paved the way for contract discussions – it would be up to the trading-parties to continue through the portal or take further contract-negotiations private.

As we make it clear at every turn, we are a trade-facilitation platform, not a trade or ecommerce platform that imposes sales commissions. We will engage in the process only if asked to support or facilitate contract discussions, and later fulfillment – on a fee-for-service basis, hopefully commensurate with the value we add to the process.



Trade logistics support: In bulk export trades, producers only see the prices they get at farm-gates or elevator-deliveries. The buyers, the grain companies, look after the rest: inland consolidation, rail transport, coastal terminals storage, and in cases where they do not sell FOB, even ocean-shipping costs. Then there are the elements that are added at the receiving end: coastal-terminals, rail and/or truck delivery, and storage costs born by the end user. By the time the end-users start processing, the cost to them is already two to three times what producers receive at farm-gate.

Thus, the economics behind grain-trades is as dependent on logistics-costs as grain-prices. By selling into bulk-trades, you as producers are generally shielded from anything beyond farm gates, or at worst inland elevators. The buyers look at their plant-gate costs that are at least double what you sell for. As across North America, what has enticed global buyers to shift to direct procurement practices was to save costs by cutting out intermediaries along supply-chains. What has enticed them to containerization was lower intermodal costs than those wracked up through bulk-systems, consolidation and de-consolidation at both ends of bulk-trade channels.

When you face an overseas buyer, you may be enticed to settle for anything more than what you currently get from local grain-companies, a price that would be quite transparent to the buyer. Your counterparty, the buyer, would be looking at a cost per ton at least double, in most cases triple what you are hoping to get. The more you know about the supply-chain and logistics-costs, the more you are going to be able to increase your take from the cost savings. To this end, you should be striving to add more value through grading, testing, and even processing, to meet buyer needs; selling what you have in your bins will only eat into your potential margins.

In view of these considerations, we have decided to add another layer to our *Grain-Mall* platform, *trade logistics support* – not just a regional-profile we had originally intended to display that our region has the grain handling and logistics capacity. You will hear more on this newly added piece to our platform-strategy in the coming weeks. To this end, we are also trying to get service-providers more involved in the trade-facilitation process, not just serving end-users (buyers) in contract fulfillment, but also helping producers (sellers) to extract more value from the supply-chain – rather than farm-gate sales, perhaps even plant-gate deliveries in overseas markets.

To end on a few points of contention

Though the response we get from the producers at large is generally positive, if not enthusiastic, the standard criticism we get is often hard to take, and mainly comes in two veins. First, there are those who claim the only way to export to overseas is in bulk, as if this was a *celestial dictum*, and not a trap that history has created for us with the help of policy-makers who did not know any better. The whole world is shifting to direct-sales and containerized deliveries, and we are being left behind.

In many respects these types of reactions are natural. Generations of Prairie farmers have viewed bulk-trades as the only way of exporting grains. They cannot see how these corrugated boxes that change multiple hands to get to final destinations can possibly offer a better and cheaper way than what they are accustomed to. They cannot relate to the cost savings that come with intermodal systems, let alone the advantages containers offer in the way of crop-integrity or identity-preservation.

In this article, we tried to divert from our usual style of focusing on practical matters and instead talked about our own experience, how we had predicted the intermodal revolution in global transport systems, and moreover, how we not only watched it unfold but participated in it from various angles. While vested interests continue to extol the virtues of archaic ways of consolidating and shipping grains in bulk, the world is headed in a different direction, dictated by cost and quality considerations.

Second, and more hurtfully, we are often accused of being an internet-breed of grain traders, supposedly displacing grain-companies to profit on our account. We make it clear that we are not a trading-platform looking to take commissions from the sales we generate. We are facilitation-agents; we introduce buyers and sellers who can take the sales private and close on their own. We neither have any desire nor the means to charge producers unless they ask us to get involved in value-add capacities.

As difficult as it is to swallow these charges, all we can do is ignore them. For those who can relate to the virtues of direct-sales, cutting out intermediaries and leaving behind larger margins to share among buyers and sellers, it should not be too difficult to relate to what has happened across North America and the prospects of the same happening overseas through containerization. But all we can do is wait for the reality to sink among today's doubters, as others start realizing higher-margins.

Having said all that, our mission is not altruistic or philanthropic. Our platform is a business-venture, leveraging our knowledge and experience in this domain, and hoping to materially gain from this initiative – however, it will remain a free-to-use platform that monetizes outside of user transactions. When we develop a sufficient base, we will generate promotional or advertising revenues. Anybody who doubts this should look up how social-media channels generate revenue. Also, we make it clear that, though we will not charge commissions, we will take on fee-for-service assignments where either sellers or buyers see that we can add value to either the trades they are negotiating, or in fulfilling those trades through logistics-support.