Trade Facilitation: A Road Map for Collaboration

In previous articles we discussed the nature of grain-trades, and how they offer considerable scope for specialization and crop-differentiation. We embarked on our portal to leverage the Internet, not to generate one-click instant-sales but in a "trade-facilitation" capacity. Essentially, we are providing an information-exchange platform that will allow producers to display their "capacities" and buyers to express their "needs", thereby paving the road to trading-relations and contract-sales.

To this end, we are calling on our primary audience, Prairie producers, to engage and participate, to turn our portal into a collaborative endeavour, the only way we are going to make the portal effective in serving their interests. We are looking for their comments and suggestions, but even more importantly, their consent and input in showcasing their production-capacities through *Farm Profiles*, which we will post to extol the virtues of the Prairies as the world's most advanced agricultural region.

As we pointed out earlier, Canada is known around the world for the grain-staples, which we export in bulk, not for our advanced capacity to grow higher-value crops that are in demand in globally. Generally such crops can be sold directly to end-users, and delivered to their doorsteps in containers with crop-integrity intact. We believe this is to be the most promising *path-to-prosperity,* but formidable barriers stand in the way, mainly the lack of direct-sales and containerized-logistics channels.

Our portal is designed to remove these barriers standing in the way of producer-prosperity -- a novel trade-mission to further producer-interests, to liberate them from captivity to bulk-trades. But we must emphasize that this is not a conventional sales-portal that is going to generate spot-sales to get rid of what producers already have in their bins. It is a trade-facilitation portal to open new market opportunities for producers to specialize and diversify their production-base in future crop-years.

At the outset we should stress that results are not going to come instantly. There is a rather arduous process we must go through, by first identifying promising market opportunities (high-margin but low-risk), then demonstrating production-capacity (advanced and high-quality), and developing the logistics-channels (reliable and cost-effective) to meet end-user needs and requirements -- at a premium-price that buyers can justify based on superior crop-quality and reliable supply-arrangements.

Despite all the advancement in agriculture, producers remain captive to bulk-trades, which are in peril from competition from emerging regions, intensifying the margin-squeeze on producers. One way out of this trap is through the specialization course we chart, but we cannot accomplish this mission alone. We need more participation and engagement from the community we serve, the producers, and here we make yet another call for "collaboration" along the path we will pursue in their interest.

What we need from producers

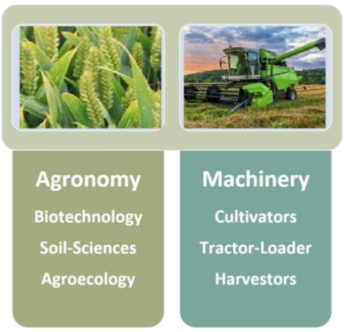
It should be obvious from our portal, as well as the articles we post, that we are not selling anything, nor intending to make money from the crops you sell. Our mission is trade-facilitation, one of "advocacy" in producer-interests, not commission-sales. In just a couple of months our following has reached 3-digits, on a path to 4-digits by year-end, but we only have a handful of producer sign-ups. We would like producers to understand that our mission is in their cause, thus invite them to participate.

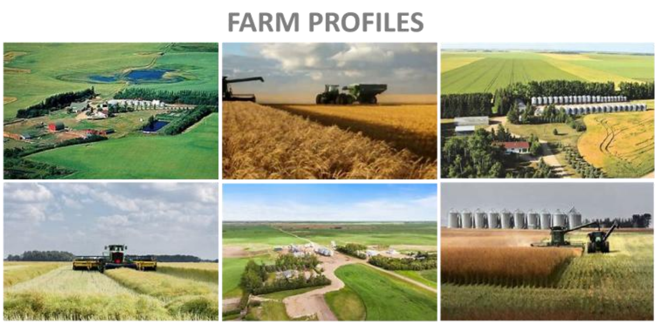
This starts with producer *sign-ups*, not to receive sales-pitches as we do not have anything to sell, but to take part in a collaborative process. As a first step, we are looking for comments and suggestions on our trade-facilitation efforts. While we are advancing ideas and concepts on how to diversify the grain-export portfolio, away from bulk-trades to higher-margin direct-sales, naturally producers are much better informed in this regard -- what they can grow and where they see export prospects.

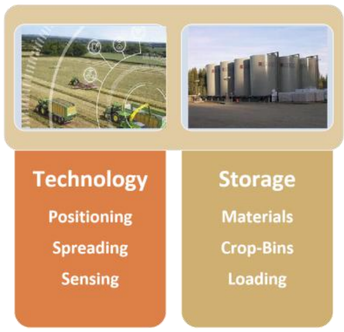
More importantly, however, we are inviting producers to step forward to showcase their farming operations -- methods, practices, technology, systems, etc. The *Farm Profiles* we want to post are of critical importance in promoting the virtues of the Prairies in export markets -- the region's unmatched production capacity, especially when it comes to specialty, high-value crops. We are shouldering the efforts in preparing these farm-profiles but we need input and material from producers.

Government-agencies and producer-associations constitute important elements of the institutional-infrastructure of the Prairie grain-economy. Their role in today's market-driven economy is very different than in the regulated-era, but still from all angles these agencies shoulder vital functions. When we first launched our portal we tried to reach out to as many of these agencies and associations as possible. Understandably, response was not overwhelming, as we were new and unknown.

We are well aware of the fact that the onus is on us to earn credibility and trust, by demonstrating that we do not have a hidden commercial agenda; we are here to serve the best interests of the producer community and the grain-economy at large. Any support we can get from producers, by posting or commenting on our website and actively participating in farm-profiles, would help rally institutional support.







Canada's record and reputation

Canada's global image is one of a bulk-grain exporter. We are known for the quality of our export-staples, and the credibility of our grain-traders, but we cannot escape the reality that 85% of our grain-exports from the West Coast are in bulk. Even part of the residual 15% shipped in containers is an overflow from bulk-systems, a means of convenience across the Pacific to utilize empty boxes, not *bona fide* containerized exports of specialty high-value crops, door-to-door identity-preserved shipments.

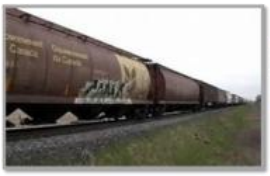
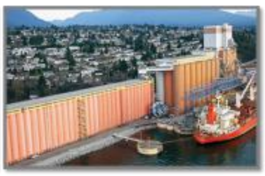
The recent shift to pulses, still not huge in export-volume but significant in value, is a shining case-study of high-value crops that are exported in containers. We were quick to show the world that the Prairies had the best growing conditions for these ancient crops. Many producers shifted to pulses, with a partnership between a local grain-company and an overseas importer achieving significant export-growth to the Middle East -- similar potential exists in other Asian markets across the Pacific.

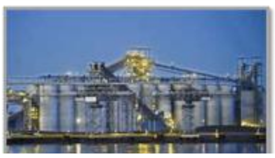
The story of another highly popular crop in our export staple basket, durum that we have a stellar reputation for, has not been as bright. Failing to follow end-market trends and containerize, we were left behind in Europe, where demand was shifting to more differentiated grades. We also missed out in China, a newly emerging market with even greater potential. Our record in other specialty wheat varieties (hard-red and soft-white) or barley (another staple crop) has not been much better.

The biggest export diversification-wave came with canola, increasing from modest volumes to half as much as wheat-exports. Though leaving higher margins to producers and more value to the grain economy, canola exports were also trapped in bulk-systems, with close to half going to China. We have become the world leader in canola, but recognizing the vulnerability of our exports, we are now contemplating alternative uses like bio-fuels -- instead, we should be thinking of higher-value crops.

More or less on the same landmass, we increased grain production and export-volumes as much as 60%, mainly as a result of yield-increases driven by scientific and technological advancements in agriculture. Now we have to leverage this capacity to diversify our crop-mix, and show the world that Canada now has a "new" grain-economy in the making, with higher-value crop grades and varieties in the offering.




Remaking our image in global markets

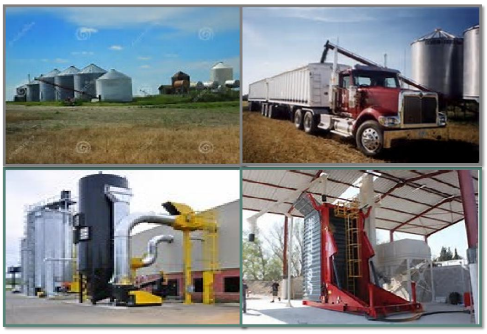
We have every right to be proud of our recent achievements -- yield-increases and export-growth driven by advances in farming methods and technology. At the same time, however, we have to be cognizant of the competitive threats our bulk-exports are under. As a high-cost region we are vulnerable to competition from emerging-regions in meeting the ordinary grain-needs of the world. We must move away from bulk-trades to a path of deliberate value-driven diversification and specialization.

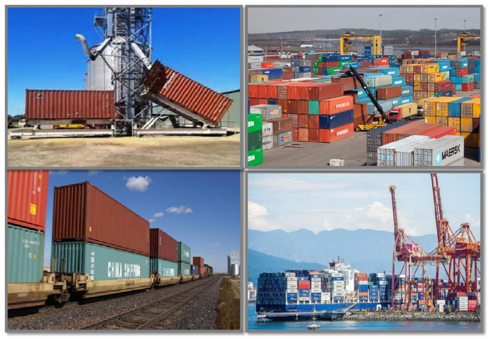
To this end, we face a formidable challenge in remaking our image in global grain markets. Nobody can take away from the quality of our export-staples that the world knows us for, but we also must make a concerted effort in showing the world that our greatest strengths lie with our advanced production capacity. We have the science and technology to draw on, and the knowhow to put them to use in practice to grow specialty crops, be it new varieties or special grades of our export-staples.

We tend to rely on our export-statistics and images of bulk-facilities in promoting our grain-economy. But the importers we are trying to reach out to have little interest in these virtues, as they already know our stellar reputation in bulk-exports. Instead we have to focus on our producers' capacity to grow specialty crops that discerning end-buyers need, and are willing to pay a premium for. This is why we put so much emphasis on *Farm Profiles,* to display science-and-technology in action.

The farm-profiles we post may speak for themselves, but we need to go a few steps further to demonstrate continuing advancement in Prairie agriculture. Farmers have cutting-edge research capacity to draw on in agronomy, particularly genomics. Also, not content with the technology they have in the fields, they continue to invest in latest machines, positioning-monitoring devices, and management-systems. Also, we have the most refined classification and testing systems for quality assurance.

We will continue to update our *Prairie Profile* tab with new material to convey advancement in all aspects of science-and-technology, as well as sustainability. Our diversification capacity may be evident from our record in canola and pulses, but now our producers are ready for yet another wave of market-driven specialization, to meet end-user needs with specialty-crops delivered in containers, not in bulk.





Shifting the focus to end-markets

We shoulder the responsibilities of preparing the individual *Farm Profiles*, as well as the *Prairie Profile* on the region as a whole. The purpose of these "profiles" is to extol the region's virtues as the world's most advanced agricultural region that can produce the highest quality crops. These crops reach end-markets mostly through bulk-channels in the hands of leading grain-companies, but now their more specific grades and varieties will also be available to end-users through more direct-channels.

But our job does not end there; we shoulder the burden of promoting the Prairies to prospective importers, not ignoring traders or wholesalers, but mainly focusing on processors along specific supply or production chains. We target these efforts by geography, focusing on the Asia Pacific region where we see the greatest growth potential. We then delineate these targets by crop type or grade, and by industry-segment, or along supply-chains where we try to identify potential direct-buyers.

These targeting efforts require considerable background market-research, starting with the economic fundamentals of the countries we target, their agricultural-trade profiles, consumption patterns, feed and food market trends, as well as disposable-income and economic-growth trends. We then dig deeper into promising industry segments or supply-chains to identify reputable enterprises that could become direct-buyers of our grains in large enough volumes to warrant further attention.

Once we identify promising corporate targets, our discovery efforts go into the next phase, needs-analysis. This requires much deeper understanding of the markets the targeted entities operate in, and their particular position in those markets. In our previous featured-article we presented examples from our previous work, where we had identified an annual direct-export potential of close to 1 MT (1000 containers a week) from just three targets -- in flour-milling, breakfast-cereals and animal-feed.

We intend to conduct many more of these types of market-research studies, we believe to be the type of effort required to identify market opportunities for Prairie producers. Obviously, our resources are not without limits, even if we could tap into external funding sources. Thus, we need suggestions from producers as to where they see the greatest export potential in order for us to prioritize our efforts.