

Trade Facilitation: A Call for Collaboration

Our fundamental thesis is that producers are under a margin-squeeze that in turn gives rise to an imperative to specialize in higher-value crops. This basic reality is shared by most producers, but of course, the difficult part is rising to the challenge. Rather than just talking about them, we must identify “real” opportunities, like crop varieties that are in high demand, and pursue them through direct channels that reach out to export markets. To this end, we are calling producers to collaborate.

Some would claim, if there was demand for all these high-value crops, direct-sales channels would have formed already to unleash the grain-economy’s diversification potential. At the root of this conundrum is a simple fact: markets do not function without information. In today’s market environment producers do as poor a job in articulating their virtues in what they can grow, as buyers in signalling what they need. The grain-economy needs more *information-exchange* to facilitate trade.

Living in the Internet era, naturally this challenge should be approached through an online portal. But in order to be useful, this portal must go beyond a web-listing of what the Prairie producers can grow to match with what importers around the world need -- the respective lists would not go much beyond wish-lists ignored by counter-parties. What is needed, and what we are striving for is a platform where both parties actively interact with information on their respective capacities and needs.

We have all witnessed the advent of e-commerce in consumer goods, where retailers or manufacturers had no difficulty selling merchandise through online-portals. Consumers have a pretty good idea of what they need or want, can go online and find what they are looking for at lowest possible prices. There are hardly any mysteries in what they see in catalogue-photos; the only challenge is in making price-quality trade-offs that boil down to branding and reputation of merchandisers.

In many intermediate-goods, the same process works for many standard parts and supplies. When it comes to custom-designed parts or equipment, things get more challenging as suppliers have to adhere to buyers’ specifications and features in what they make and sell. But even in these cases most transactions can be done online to meet contract specifications once sellers and buyers develop relationships. Also, manufacturing and delivery progress can be monitored and managed online.

The nature of agricultural trades is very different. Crops range in quality and attributes; despite all the advances in science and technology, producers do not have full control over what they grow as manufactures do in what they make -- weather being a prime source of uncertainty. Thus, catalogue-sales is not an option, but still, a great deal can be done online through a collaborative approach to establish closer contacts and develop more flexible trading-practices between producers and buyers.

Lessons learned from online portals

Over the last two decades many global supply chains have been revolutionized by the Internet -- integration of production-chains and sales-portals to reach customers. Consumers can buy whatever they want from online-portals and get them delivered to their doorsteps. Perhaps it is not as visible but behind the scenes production-chains have changed, advanced and integrated to an even greater extent -- dozens if not hundreds of parts in everything manufacturers make and sell to their customers.

We wish things were as easy in the grain-world, but still, there is a lot of potential for online portals. Agronomy and technology advanced greatly to allow farmers to grow crops with specific traits, almost to a point to be contemplating a *grow-to-order* model, but not all challenges have been overcome. We are convinced of the virtues of online-portals in facilitating grain-trades, but we must recognize and adjust to the fundamental differences between agricultural-trades and manufacturing-sales.

We first conceived our portal as *Alibaba-for-Farmers*. Working in China for two decades, we had followed the development of the Alibaba-platform and witnessed how it had given a life-line to small-medium-size enterprises (SMEs) -- often overlooked in the shadows of corporate giants (MNCs and SOEs). Unlike other e-commerce and social-media platforms, Alibaba had painstakingly nurtured links between buyers and suppliers -- we saw similarities between the latter and farmers.

Building on our North American experience we worked on various industry segments, particularly electronics and automotive, where e-channels had transformed industry-structures and integrated supply-chains. Online platforms were also very helpful in one-stop procurement-fulfilment efforts for large projects, like hotels and airports. Even in specialized industrial-equipment (like mega-transformers) suppliers used online platforms to manage sales, production, delivery and installation functions.

The main lesson from all this experience is that portals deployed in e-commerce, even SCM, are of little value for grain-trades -- limited scope for one-click solutions. What we are striving for is a platform where producers actively engage to profile their capacity, which we can then promote to potential buyers in targeted markets. Then the portal will facilitate these linkages to evolve into contractual engagements.

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Main roadblock in our way

Since our core mission is trade-facilitation we devote considerable attention to the topic throughout our portal, but given where we are at these early stages there are no sales in the offering, let alone done-deals to report. Hopefully, we at least make a convincing case that our grain-exports are not doomed to be trapped in bulk-trades. Our *raison d’etre* is to shift away from bulk-trades to specialty-crops, export-sales facilitated through direct channels and fulfilled in containers to final destinations.

We are convinced of the viability of the course we are on, diversification to higher-margin crops -- the only way to liberate producers from their dependence on staples and the low-margin bulk-channels they are exported through. Thus, producers are our principal stakeholders, but in order to open up new markets for them, we have to attract buyers, and there lies our main obstacle. We know the Prairies have the capacity to grow a huge variety of crops, but the world is not aware of that potential.

Canada is a major producer and exporter of grains, but on the world stage we are primarily known for our staple-crops -- wheat representing 50% of our exports and canola another 25%. But both these crops are exported in bulk; with other crops, 85% of our exports are in bulk, at least from the west-coast, our only “gateway” to Asia Pacific markets that we are focused on. Those responsible for export promotion may take umbrage but the world does not know much more about our virtues.

With the dismantling of the Canadian Wheat Board it was taken for granted that the marketing-responsibilities would go with the privatized assets, and indeed they did. Private grain companies had already opened up new trade channels for canola, and added wheat and barley to their portfolios. It was overlooked that their vested interests were in bulk-trades, with little incentive to diversify the crop-base. This changed with pulses, but the vast share remained in bulk -- what are known for.

The first challenge we face is promoting the virtues of Prairies as the world’s best grain-growing region, with all the advanced scientific and technological capacity to grow a huge variety of crops to the highest standards that the world has ever seen. We need producers’ active participation in our portal to demonstrate this capacity -- suggestions through our *Trade Forum*, and *Farm Profiles* to display advancement.



Stakeholder role and participation

Our portal is developed to serve producers, to pave the way for what we coined the *path-to-prosperity*, but there remains a formidable “roadblock” in our way. This can only be removed through active participation on producers’ part to promote our virtues in growing specialty, high-value crops -- in other words, demonstrating our production capacity. Since there is little scope for one-click-sales prospects in this domain, trade facilitation can only be achieved through a collaborative process.

As the first step to this end, we are urging producers to participate in our **Trade Forum**, by simply posting the opportunities they see and the new crop varieties they are interested in pursuing. These can be specialty grades of our staple-crops (wheat, canola or barley), all types of pulses as our region’s most lucrative crop-group, other coarse-grains or oilseeds you see potential in. Alternatively, we also have potential in organic-of-everything, but we would like to hear your views on the matter.

At these early stages, even a more valuable way you can participate in the process is by volunteering for a **Farm Profile**. As we describe under our Prairie Profile tab, we want to post a series of these profiles, which we believe is a very effective way of promoting our region on the world stage. All you have to do is provide your consent to participate, and forward some material -- photos of field images, farm machinery, storage bins, brief description of systems you use and anything you want to highlight.

If you have a website of your own, you can reference it in your “profile”, but by next spring we also plan to host **Member-Pages**. This may be an alien concept to online portals, as they tend to take a commission from vendor sales. But recognizing their virtues in B-to-B trades, Alibaba had introduced this practice to great effect. These sales or contracts tend to involve direct buyer-seller contact in facilitating custom orders -- we intend to follow the same as we have no interest in trade-commissions.

We will rely on your *Trade Forum* suggestions to guide our priorities in market-research efforts (which we will get to next). Once we build up enough *Farm Profiles*, we will turn our attention to reaching out to potential buyers in targeted export markets. We believe displaying the capacity of our producers would greatly enhance the *Prairie Profile* we plan to start promoting aggressively as of Spring, 2022.

1

Trade Forum

We welcome your suggestions-ideas for crop-varieties



2

Farm Profile

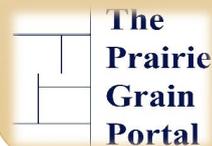
We would like to showcase your farm -- please sign-up



3

Member Page

A new feature coming Spring 2022 -- own portal page



4

Research

Lend support to market research initiatives/projects



Our role with market insights

An important part of our mandate is to bring attention to new export opportunities through the market insights we provide. The traditional market-research domain is mostly confined to export volume and price trends, which are available to producers through many other sources. But our insights are driven by the market research we conduct into consumption trends, industry structures, and supply-chains -- which we believe are the more pertinent topics to focus on in search of export-prospects.

Our next featured article will provide an overview of our work from a few years ago. Based on a study of flour-milling industry and wheat supply-chain, we had identified export prospects for specialty wheat grades. Studies on animal-feed and breakfast-cereal industries identified opportunities in coarse-grain and oil-seed varieties that could be sold to leading importers in these industry segments -- custom grain mixes to be shipped in containers to specific destinations, feed-lots and cereal-plants.

We have other studies like this underway (and many more planned) targeting a wide range of industry-segments and supply-chains, backed by market-research into consumption trends driving demand in markets they serve. While our past work was mainly focused on China, we now intend to extend our efforts to other major markets across the Asia Pacific region. We would greatly appreciate your ideas and suggestions to guide this agenda -- crop-varieties, industries or countries to focus on.

We have a very ambitious market-research agenda to enhance our understanding of global grain trades, and our competitive position in those trades. We believe this is vital to producer-interests, in not only recognizing the risks they face in bulk-trades, but also in identifying opportunities to diversify through new export-channels. But so far we have not received much attention from producer-associations, nor from government-agencies involved in agriculture, trade or economic-development.

We need to galvanize more support from the producer-community, which we sense is there at the grass-roots, to put pressure on both the associations they belong to and government-agencies (federal and provincial) with policy responsibilities over the grain-economy. As part of our collaborative-approach to trade-facilitation, we are asking producers to lend support to our mission, directly or through our portal.

