

CSTA Update

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Topics:

- About CSTA
- Seed Synergy
- Proposed Value Creation Model

- The Canadian Seed Trade Association (CSTA) is a not-for-profit, non-partisan trade association:
 - Approximately 130 members from small, family owned & operated companies to large multi-national firms
 - Work in over 50 different crop kinds
 - Engaged in all aspects of seed research, production, marketing and trade, both domestically and internationally
 - CSTA's priority is keeping Canadian seed competitive
 - Member directed through a transparent system of policy and strategic development
- Mission Statement: To Foster Seed Industry Innovation and Trade

- Key Focus Areas:

- **Regulatory System:** A modernized, efficient and flexible, science-based regulatory system that fosters innovation
- **Investment in Innovation:** Increased investment in seed research and innovation in Canada
- **Trade and Market Access:** Open domestic and international trade of seed
- **Industry Image and Public Trust:** Increased understanding of the value of seed innovations and increased public trust of the industry, encourage a skilled talent pool to consider careers in the seed sector
- **Communication and Member Services:** Effective communications and responsive services delivered to members, clear roles and greater synergy of Canadian seed organizations

Seed Synergy

- The Seed Synergy Collaboration (SSC) Project was formed to develop the vision for the next generation seed system and New Seed Organization (NSO) in Canada
- Currently 5 (6) organizations comprise Canada's seed regulatory, compliance/QA and policy organizations:
 1. Canadian Seed Trade Association (CSTA)
 2. Canadian Seed Growers Association (CSGA)
 3. Canadian Seed Institute (CSI)
 4. Commercial Seed Analysts Association of Canada (CSAAC)
 5. Canadian Plant Technology Agency (CPTA)& CropLife Canada (to be affiliated with NSO)

- In November 2018, the boards of the six SSC organizations supported the creation of a *Seed Synergy White Paper*, “***The Next Generation Seed System in Canada***,” which highlighted three key challenges facing Canada’s seed industry:
 - 1. *Stimulating Innovation*** - “Other markets with more predictable regulatory processes are attracting investment, and Canada is missing out.”
 - 2. *Modernizing the Seed Regulatory Framework*** - “The growth and diversification of the seed industry has outpaced government capacity to respond.”
 - 3. *Building the Next Generation Seed Organization*** - “The various organizations have overlapping memberships and even directors, creating a significant draw on time and resources.”

- The White Paper identified several potential areas of focus for the NSO and anticipated the benefits of collectively working together through a single organization:
 - 1.** Update delivery of novel product regulations for plant breeding innovation
 - 2.** Implement a seed variety use agreement system for IP-protected seeds
 - 3.** Streamline *Seed Regulations* requirements and modernize the regulatory framework
 - 4.** Define a new industry delivery model for the seed certification program
 - 5.** Create a “single window” for all seed regulatory and member services
 - 6.** Create a more efficient and effective industry organization model

- The CSTA member vote is anticipated to happen in July 2020 – stay tuned!

Value Creation

- The federal gov./seed industry has contemplated for some time a model that allows breeders to earn revenue on their breeding investment on farm-saved seed (FSS) in cereals, pulses etc.
- **Background:**
 - Int'l convention called the International Union for the Protection of New Plant Varieties (UPOV) where 71 advanced agric. countries agreed to coordinate treatment of a patent-like system called Plant Breeder's Rights (PBR)
 - Uruguay round of WTO, member countries to adopt UPOV 91 and create legislation for distribution and royalty collection on PBR protected varieties
 - Law passed in 2015 but no regulation to compensate PBR holders
 - Currently... models to bring compliancy to UPOV 91 being discussed with industry stakeholders



- The grain industry broadly agrees that value creation is important for Canadian crops to remain competitive
- Last year, the federal government held open attendance, producer group consultations on different models including the **end-point royalty** and **trailing contract** model
- The Seed Synergy partners endorsed the **trailing contract** model, specifically via a **Seed Variety Use Agreement** (SVUA) and a **Seed Variety Use Fee** (SVUF)

- How would a **SVUA** and **SVUF** operate in the marketplace?
 1. Producer chooses to buy certified seed of a protected variety.
 2. Producer signs SVUA at time of purchase.
 3. Producer declares each year whether any harvested grain was diverted for seed use (i.e. farm-saved seed).
 4. The SVUF will be invoiced to the producer every year that farm-saved seed of the protected variety is grown.
- SVUA already in use today for midge tolerant wheat, is facilitated by the CDN Plant Technology Agency (CPTA)
- Seed retailer may be involved in educating and facilitating signing of the SVUA
- Seed retailer will not be responsible for invoicing the SVUF, monitoring or enforcement

State of the Industry – is value creation needed?

- Canadian research investment in some crops is lagging the competition
 - Investment into cereal, pulse breeding is chronically underfunded, has not kept paced with other crops like canola
 - Research investment in wheat in Canada is lagging behind several global competitors, i.e. wheat variety development research in Canada is approximately \$2.13/acre

This compares to:

\$~3.00/acre in Australia

\$~3.00/acre in France

\$7.31/acre in the UK

- Canadian wheat exports are down while the global wheat trade is up

State of the Industry – is value creation needed?

- The time is right for new sources of funding for breeders
 - New breeding tools like gene-editing technologies will be making impacts
- Almost no small or medium sized breeding orgs., largely MNCs and the public sector (Syngenta recently exited)
 - >80% of wheat, barley, flax and pulses are bred by public sector, is public investment keeping up?
 - 8 – 12 years and >\$1 M to develop a new wheat variety

- The seed industry has heard feedback from farmers during the ***value creation consultations*** and is considering how to give producers more confidence and address any concerns
 - An economic analysis conducted by the federal government is also underway

CSTA Annual Meeting

- CSTA's Annual Meeting will take place from July 12 – 15, 2020 in Winnipeg, Manitoba
- The meeting will be a joint meeting with the Canadian Seed Growers' Association
- For more information please visit CSTA's website: seedinnovation.ca



Thank you!



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