



Submitted: October 24, 2022

To: House of Commons Standing Committee on Agriculture and Agri-Food  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa, Ontario, K1A 0A6  
Canada  
Submitted via email: [AGRI@parl.gc.ca](mailto:AGRI@parl.gc.ca)

From: Saskatchewan Wheat Development Commission (Sask Wheat)

Re: Standing Committee Study into Global Food Insecurity

Dear Committee Members,

The Saskatchewan Wheat Development Commission (Sask Wheat) is pleased to submit this brief to the House of Commons Standing Committee on Agriculture and Agri-Food in response to the Committee's study into global food insecurity.

## **1. Introduction to Sask Wheat**

The Saskatchewan Wheat Development Commission (Sask Wheat) is a producer-led organization established to grow the Saskatchewan wheat industry, representing approximately 24,000 wheat producers in the province. Sask Wheat was established in 2013 and is led by a seven-member producer-elected Board of Directors from across Saskatchewan. Sask Wheat receives funding through mandatory but refundable producer levies of one dollar per tonne on producer sales of spring and durum wheat in the province, using this funding to provide leadership in identifying and supporting research, market development and advocacy efforts that contribute to profitable and sustainable wheat production for Saskatchewan farmers. Since 2014, Sask Wheat has committed approximately \$52M to over 250 research projects on farmers' behalf, with an emphasis on improving the yield, and the biotic and abiotic stress resistance of wheat, primarily through variety breeding. Sask Wheat, currently partners with AAFC in its wheat variety breeding programs through the Canadian Wheat Research Coalition-AAFC five-year Core Breeding Funding Agreement, as well as providing funding for three prairie university wheat breeding programs, among many individual and joint funding initiatives. According to a recent study commissioned by Sask Wheat, western Canadian wheat producers have received nearly \$33 in return through the adoption of improved varieties for every dollar they invested in wheat breeding research in the 1995 to 2020 period, with a majority of that investment having been in the AAFC breeding programs.<sup>1</sup> Through breeding agreements, producers have funded about 46% of the public varietal R&D

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<sup>1</sup> Bolek-Callbeck and Gray, 2022. The Benefits and Costs of Producer and Public Investments: Wheat Varietal R&D Western Canada 1995 to 2020. Commissioned by Saskatchewan Wheat Development Commission, this study can be considered an update to earlier studies by Scott et al. (2005) and Gray, Nagy and Guzel (2012) with the benefit of more years of data. In 2021, the Canadian Wheat Research Coalition (CWRC), which includes the Saskatchewan

in this period, with the remainder of investment coming from public dollars. The varietal improvements achieved in wheat yield, productivity, and environmental resiliency have been important contributions to Canadian and global food security and to economic, social, and environmental sustainability.

## **2.0. Saskatchewan Wheat Production in the National and Global Context**

Agriculture remains a critically important segment of Canada's economy. Through the recent agreement in principle on the Sustainable Canadian Agricultural Partnership, the federal, provincial, and territorial Ministers of Agriculture have set targets for \$250 billion in sector revenues and \$95 billion in sector export revenues by 2028.<sup>2</sup>

Saskatchewan plays a vital role in Canada's agriculture sector, accounting for 43% of Canada's total cropland<sup>3</sup> and, in 2021, 21% of total Canadian agri-food exports.<sup>4</sup> Agricultural exports from Saskatchewan are not only a key driver of the Canadian economy but are also crucial to alleviating global food insecurity. Saskatchewan, alone, was the world's leading exporter of durum wheat, peas, lentils, canola, flaxseed, and oats in 2021.<sup>5</sup> These crops are efficiently produced by Saskatchewan farmers in a challenging environment using a diverse, sustainable rotation, providing Canadians and the global market with large quantities of high-quality carbohydrates, proteins, and fats (the building blocks of a nutritious diet) as well as many other required dietary nutrients.

For most Saskatchewan farmers each year, consideration of wheat production from economic, agronomic, and environmental perspectives plays an integral role in the determination of the annual rotation of crops that supports a sustainable production system on their individual farms. In 2022, wheat was the largest crop planted in Saskatchewan by acreage (about 13 million acres), accounting for 46% of Canada's total spring wheat area planted and 81% of Canada's total durum wheat area.<sup>6</sup>

Wheat is the third most important food crop in terms of global tonnage produced, after corn and rice, and contributes 18% of total dietary calories and 19% of proteins globally.<sup>7</sup> Canadian wheat is recognized

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Wheat Development Commission, Alberta Wheat Commission, and Manitoba Crop Alliance, along with the Western Grains Research Foundation (WGRF), and the Saskatchewan Winter Cereals Development Commission (SWCDC), began working together on a study to quantify the benefits of wheat breeding investments by western Canadian producers over the past 27 years.

<sup>2</sup> AAFC, 2022. Annual Meeting of Federal, Provincial and Territorial Ministers of Agriculture.

(<https://www.canada.ca/en/agriculture-agri-food/news/2022/07/annual-meeting-of-federal-provincial-and-territorial-ministers-of-agriculture.html>).

<sup>3</sup> Statistics Canada, 2022. Canadian Agriculture at a Glance. Saskatchewan continues to live up to the title of breadbasket of Canada (<https://www150.statcan.gc.ca/n1/pub/96-325-x/2021001/article/00008-eng.htm>).

<sup>4</sup> Government of Saskatchewan, 2022. Record Agricultural Exports for Saskatchewan in 2021.

<sup>5</sup> Government of Saskatchewan, 2022. Saskatchewan Agriculture Exports 2021

<sup>6</sup> Government of Canada, 2022. Estimated areas, yield, production, average farm price and total farm value of principal field crops, in metric and imperial units (<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3210035901>).

<sup>7</sup> Erenstein et al., 2022. Global Trends in Wheat Production, Consumption and Trade. In: Reynolds, M.P., Braun, HJ. (eds) Wheat Improvement. Springer, Cham. ([https://doi.org/10.1007/978-3-030-90673-3\\_4](https://doi.org/10.1007/978-3-030-90673-3_4)).

for its high quality, including its high protein, around the world and is used mostly for direct human consumption. Canada supplies its own domestic demand for wheat and still exports about 80% of its total wheat production, 91% of which is produced in the prairie provinces.<sup>8</sup> Saskatchewan's wheat production in 2022 alone is expected to be 44% of total Canadian wheat production despite variable weather across the province.<sup>8</sup> Canada is consistently the world's fourth or fifth largest exporter of wheat, depending on the year, responsible for about 12% of global wheat trade,<sup>9</sup> and contributes on average roughly \$7.6 billion of export earnings for Canada.<sup>10</sup> Canadian wheat exports compete largely with wheat exports from the EU, Russia, Australia, the US, Ukraine, and Argentina. In 2021, Canada fell to 7<sup>th</sup> place amongst wheat exporters, largely the result of an extensive prairie drought that year.

### **3.0. Global Trade Concerns for Sask Wheat**

Market access and timely movement to markets are prime concerns for Saskatchewan wheat producers. Sask Wheat is a member of Cereals Canada, the national value chain association for the Canadian cereals industry. The Cereals Canada brief of September 20, 2022, to the Standing Committee on Agriculture and Agri-Food addressed some important specific issues regarding trade and Canadian trade enabling policy to which we would respectfully refer the Committee.

The potential consequences for Canadian wheat production and exports if the pressures that global trade is currently experiencing result in fracture into trading blocs and loss of access to some markets cannot be known at this time. However, wheat is a globally traded commodity. Canada exports wheat to diverse markets around the world and there is fierce competition from other sellers in these markets, including from close neighbours and allies. Canada and, ultimately, Canadian farmers are essentially price-takers in wheat markets as prices are determined in this globally competitive market. While Canadian wheat is recognized and is rewarded for its quality in some markets in the price paid for it, as a widely traded commodity it is difficult to extract premiums in general from global markets. The Canadian wheat trade must compete in a wide variety of markets beyond just these premium markets, including seeking opportunities to supply the food insecure and often poorer countries whose situations are among the considerations of this committee.

#### *3.1. Grain Transportation*

In Recommendation 5 of the June 29, 2022 Standing Committee on Agriculture and Agri-Food's *Letter to the Minister of Agriculture and Agri-food Regarding the Crisis in Ukraine and Global Food Insecurity*, the Committee recommends "that the Government of Canada address pinch points in Canada's supply chain, such as port and rail capacity, to ensure Canadian agriculture commodities can reach global markets efficiently and reliably." Canadian wheat, especially that grown in Saskatchewan, has one of the longest distances among its major competitors to port position from its production area. Its movement to port is constrained by access to the rail service of only two companies and longstanding rail service

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<sup>8</sup> Government of Canada, 2022. Estimated areas, yield, production, average farm price and total farm value of principal field crops, in metric and imperial units (<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3210035901>).

<sup>9</sup> FAS, USDA, 2022. Grain: World Markets and Trade: World Wheat, Flour, and Products Trade.

<sup>10</sup> Government of Canada, 2022. Trade Data Online ([https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?grouped=GROUPED&searchType=KS\\_CS&naArea=9999&countryList=ALL&toFromCountry=CDN&reportType=TE&timePeriod=5%7CComplete+Years&currency=CDN&productType=HS6&hSelectedCodes=%7C1001&runReport=true](https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?grouped=GROUPED&searchType=KS_CS&naArea=9999&countryList=ALL&toFromCountry=CDN&reportType=TE&timePeriod=5%7CComplete+Years&currency=CDN&productType=HS6&hSelectedCodes=%7C1001&runReport=true)).

issues. This increases the costs of reaching markets relative to competitors and decreases the share of the global price that is returned to farmers. Given the lack of competitive conditions in railroad grain transport, Sask Wheat is on record as supporting a rail costing review for grain movement as there has not been a comprehensive review since the early 1990s.

Even with a significantly reduced prairie crop last year, both railways had periods of difficulty supplying the cars ordered by grain handlers for loading at prairie primary elevator points and moving them to port. This lack of performance has continued into the first few weeks of the 2022-2023 crop year. In addition, there are recurring problems at Canadian ports, especially on the west coast, regarding grain terminal supply and timely turn-around of ocean vessels. Many of these problems are concentrated in the Port of Vancouver which is fundamentally important to the profitable export of Saskatchewan wheat, given its orientation toward our largest and most valuable customers.

All of these supply chain issues reduce the ability of Saskatchewan wheat producers to manage the scheduling of their grain marketing through the year to achieve optimum economic and operational benefits. These issues concentrate in the reduced physical access farmers have to timely grain deliveries to backed-up primary elevators, the initial step on the road to market for their grain. They also result in lower producer prices for grain than could otherwise be achieved, as many of the costs arising from these issues are reflected in lower prices offered by grain handling companies to farmers, who are ultimately price-takers as explained above.

#### **4.0 Federal Domestic Environmental Policies of Concern to Sask Wheat**

The objectives of Federal Government environmental policies that impact production agriculture should be specified and applied so that the productivity, efficiency, and competitiveness of primary agriculture are not compromised through unintended consequences. As examples, funding for cost shared research programs (i.e. the SCAP AgriScience Program) and for Business Risk Management (BRM) programs should not be diluted through the addition of environmental objectives on top of existing objectives that may lead to insufficient funding support to achieve all of the research objectives or in misallocation of production resources.

##### *4.1. Carbon Taxation*

As global price-takers, Saskatchewan wheat producers are concerned with government policies that increase their costs and reduce their competitiveness globally. New costs cannot be passed along the value chain and must be absorbed in individual farming operations, inhibiting other productive investments. Federal carbon taxation policy increases the cost of production and marketing in such areas as inputs, trucking, rail freight, and grain drying, all of them essential to the production of wheat. Saskatchewan farmers are looking at aggregate cost increases of hundreds of millions of dollars in new costs in the next few years that can't be passed along to customers. Current proposed carbon price rebates for farmers will not adequately respond to the variety of carbon charges impacting farms directly and indirectly.

##### *4.2. Greenhouse Gas Emissions*

Saskatchewan farmers continue to increase annual food production using science-based cropping practices, largely through per acre yield increases. Provincial wheat yields per acre have increased by

67% over the past 30 years.<sup>11</sup> Saskatchewan farmers have a long history of accomplishing these increases through the adoption of a variety of environmentally sustainable practices. They have been, and remain, at the forefront of sustainable innovation in agricultural production globally. They have consistently adopted improved varieties that improve yields, increase fertilizer use efficiency and better withstand biotic and abiotic stress, all key focuses of the research that Sask Wheat funds. Saskatchewan farmers have led the nation over the last thirty years in the adoption of agronomic practices such as reduced tillage and continuous cropping systems, conserving precious moisture and nutrients for production and sequestering vast amounts of carbon in the soils of the province, while reducing the total amount of land dedicated to annual crop production by approximately 5.5 million acres.<sup>12</sup> Saskatchewan farmers have the highest rate of use for many technologies including Geographic Information System (GIS) mapping and variable-rate input application that assist in production efficiencies and can lower greenhouse gas emissions per unit of production.<sup>13</sup> They have greatly lowered their greenhouse gas emissions compared to other regions of Canada.<sup>14</sup> Saskatchewan farmers as a group are unique among Canadian farmers in their low emission intensity coupled with high agricultural intensity.

Nitrogen fertilizer is a vital input for Saskatchewan field crop production and is essential for increasing production to meet rising global food demand. Calls by the Federal Government for an increase in reliable food production while, at the same time, developing fertilizer emission targets that are not supported, as yet, by sufficient accurate measurement techniques and protocols that yield sound, adequate, and representative regional data, may risk the global competitiveness of Saskatchewan producers and limit Canada's ability to meet the challenges of sustainably feeding the world. We cannot afford to get ahead of the science as we pursue these parallel lines of action. Producers, in the short time frames proposed by these policies, potentially face both a rise in their costs of production from a misallocation of production resources and a reduction in yield because of the tensions between these policies. This will challenge their ability to continue their well-established contributions both to global food security and to climate change solutions.

Government agricultural and environmental policy, especially around fertilizer emissions, must be synchronized to enable Saskatchewan farmers to economically and practically accomplish government emissions targets while also supporting their increased contributions to agricultural exports and global food security that the Canadian government has called for in a turbulent time. The global competitiveness and, thus, the economic viability, of export-oriented Saskatchewan wheat producers depend on this.

In Recommendation 4 of the June 29, 2022 Standing Committee on Agriculture and Agri-Food's *Letter to the Minister of Agriculture and Agri-food Regarding the Crisis in Ukraine and Global Food Insecurity*, the

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<sup>11</sup> Government of Canada, 2022. Estimated areas, yield, production, average farm price and total farm value of principal field crops, in metric and imperial units

(<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3210035901>).

<sup>12</sup> Smyth, Gleim, and Lika, 2022. Saskatchewan Crop Production & Fertilizer Use (Unpublished data).

<sup>13</sup> Statistics Canada, 2022. Saskatchewan continues to live up to the title of breadbasket of Canada

(<https://www150.statcan.gc.ca/n1/pub/96-325-x/2021001/article/00008-eng.htm>).

<sup>14</sup> Agriculture and Agri-Food Canada, 2021. Agricultural Greenhouse Gas Indicator.

(<https://agriculture.canada.ca/en/agriculture-and-environment/climate-change-and-air-quality/agricultural-greenhouse-gas-indicator>).



Committee recommends “that the Government of Canada ensure access to affordable fertilizer to maximize yield potential.” Saskatchewan farmers face the current reality that enhanced efficiency fertilizers (EEFs), which reduce nitrous oxide greenhouse gas emissions in specific circumstances, are more expensive to use while their contribution to increased yields is not well-established versus other fertilizer sources. Supplies of EEFs also are not as widely available as other forms of fertilizer at this time. These factors will directly impact the economic efficiency and global competitiveness of Saskatchewan farmers if the targeted timeframe to 2030 for accomplishing the government’s fertilizer emissions reduction target is dependant on their use.

## 5.0 Conclusion

Sask Wheat welcomes the government’s stated goals of increasing the agriculture and agri-food sector’s overall annual revenues to \$250 billion and export revenues to \$95 billion by 2028. In order for Saskatchewan wheat producers to contribute to the realization of these goals and do our part to feed the world, we require policies, regulations, programs, and program funding that enable production and trade on our behalf. Saskatchewan wheat producers consistently and sustainably provide the world with an important supply of a high quality and versatile food product. High quality, high protein Saskatchewan wheat is a fundamentally valuable component of the global diet, increasingly so during these turbulent times of global trade uncertainty and food insecurity. Saskatchewan wheat producers must be profitable to be sustainable. They must be competitive globally to be profitable. We ask that Agriculture and Agri-Food Canada’s stated mission to “provide leadership in the growth and development of a competitive, innovative and sustainable Canadian agriculture and agri-food sector” enable Saskatchewan wheat producers to continue to competitively, profitably, and sustainably produce and market food for the world.

Sask Wheat thanks you for the opportunity to provide this submission for consideration by your Committee in its deliberations on global food insecurity. Please contact us if you require further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brett Halstead".

Brett Halstead  
Chair, Board of Directors  
Saskatchewan Wheat Development Commission (Sask Wheat)  
CC:

Kody Blois, Chair, Standing Committee on Agriculture and Agri-Food  
John Barlow, Vice-Chair, Standing Committee on Agriculture and Agri-Food  
Yves Perron, Vice-Chair, Standing Committee on Agriculture and Agri-Food  
Josée Harrison, Clerk of the Committee, Standing Committee on Agriculture and Agri-Food