

Wheat Industry Focus Group

Calgary Alberta

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The Alberta Crop Industry Development Fund Ltd. Initiated a focus group on value chains in Alberta's wheat industry. The facilitated session was designed to open communications between significant players in the industry and to identify bottlenecks in the value-chains of the sector.

The scope of the discussion was limited to areas that can be affected by the resources and mandates of available development funding organizations. Comments on policy and politics prevalent to the industry are not included in the document.

Focus Priorities and Summary

Some key indicators of a successful wheat industry in Alberta include:

1. An established value-added and processing industry in the province.
 - a. Core operations of multi-national processors located in Alberta
 - b. Transport of finished products instead of bulk grains
 - c. A reputation as a source of quality supply
 - d. Full crop utilization
 - e. Increased rural population
2. Enhanced Alberta image as a wheat market
 - a. Develop differentiated products and fractions to attract processors
 - b. Capitalize on clean environment image
 - c. Balanced production to satisfy all markets (production driven by price)
3. Substantially expanded Research and Development system validated in consumer sector

Priority For Producer Input To Industry Development Funding

Concern over funding was identified at or near the top of the prioritized lists of opportunities and bottlenecks in the industry. Specifically the opportunity was broadly-defined "research and development." The bottlenecks were "lack of long term funding commitments" and "declining public-good research" initiatives.

These priorities are dependant on public value systems and have been omitted from the next two summaries of specific opportunities. A full listing of the prioritized results are in the Appendices section.

Top Three Opportunities For The Wheat Industry

1. Differentiation and Identity Preservation
2. Biomass and by-product utilization
3. Building on plant breeding advancements

Three Most Serious Bottlenecks to Industry Development

1. Lack of investment capital for commercialization
2. Lack of cooperation within industry
3. Lack of access to consumers and shelf space

Focus Group Questions

- 1) How would you envision a successful wheat industry in the future?
- 2) What are the opportunities the industry can take advantage of to reach success?
- 3) What are the biggest bottlenecks or limitations to reaching that success?

The process involved a mixture of large-group and small-group discussions. The results of the discussions were collected for display. Results were reviewed, and then simplified by sub-committee into concepts. Finally the group as a whole prioritized the concepts.

Present Situation

The group was divided on the current state of the wheat industry. Selected comments for each viewpoint include:

Yes it is successful:

- ◆ Wheat is the largest crop in Western Canada
- ◆ It is the most adaptable, best quality, and a good rotation crop
- ◆ Wheat markets are well developed, nationally and internationally
- ◆ It is a staple food of the world (in top four)

No, it is not successful:

- ◆ “So successful that I don’t even grow it”
- ◆ Wheat in western Canada has limited market options and value chains
- ◆ Markets do not add value to production locally
- ◆ Markets don’t pay for specific quality traits in products

A Vision Of Success For Our Industry

The discussion of success brought out many viewpoints. From a market perspective the industry should have:

- ◆ All wheat grown in Alberta is processed in Alberta
- ◆ Market responsive differentiated products (established identity preservation)
- ◆ There should be a large number of options and grades to allow the market to respond to specific niches and embrace new opportunity
- ◆ Wheat is the crop of choice for industrial uses
- ◆ Modified starch- cps
- ◆ Wheat gluten-specialty market
- ◆ Organic flour and gluten
- ◆ Ethanol
- ◆ Wheat starch-pulp and paper

Sustainable cropping system for wheat should include:

- ◆ Identity Preservation characteristics or technology
- ◆ Improved production and quality characteristics (ie: Roundup ready)
- ◆ Growing increase winter wheat

Economically the industry will see:

- ◆ Farmers having a major investment role
- ◆ Value-chains allowing producer participation and control of profit centres
- ◆ Less dependence on livestock feeding markets, yet remaining an alternative market for lower quality products

Identified Opportunities

In discussion there were a wide variety of opportunities identified, in a number of overlapping areas. A compilation of opportunities includes:

- ◆ Increase fractionation of the commodity. This development requires money, research, and expertise to proceed.
- ◆ Wheat germ products. The primary issue is short shelf-life.
- ◆ Organic products
- ◆ Equalize access to markets. Wheat tariffs were cited as a significant problem.
- ◆ Growers are more interested in innovation
- ◆ A consistent supply would benefit continued sales of the commodity
- ◆ Research and development with producer input needs to be a priority.

Constraints On The Present System

In addressing the limitations and bottlenecks of the industry, the focus group identified a number of constraints:

Market Related:

- ◆ Major markets source product near headquarters (ie: Washington cherries in Safeway)
- ◆ Wheat is not an open market commodity
- ◆ Multi-national control of wheat industry (processor and consumer products)

Economic/Geographic Factors

- ◆ Historic Crow Rate economy developed value-chain processor near populations
- ◆ Limited processing locally
- ◆ Alberta mandates for ethanol limits potential markets

Industry Development and Opportunity

- ◆ Funding (and shortage of) over the term for value added products

Appendix A: Prioritized Results of Focus Group Process

SUMMARY: What are the opportunities the industry can take advantage of to facilitate success?

Points Awarded	Industry Opportunity
110	Differentiation and Identity Preservation
110	Research and Development
90	Biomass and byproduct utilization
85	Building on plant breeding advancements
80	Vertical integration, pricing and tariff control
45	Ethanol production technology
40	Organic food production
30	Food Safety
30	Fractionation
10	Feed industry changes toward maximizing margins
0	Image of clean environment

SUMMARY: What are the biggest limitations or bottlenecks that have to be overcome in order to achieve success by 2020?

Points Awarded	Limitations or Bottlenecks
26	Lack of long term funding commitments
14	Lack of investment capital for commercialization
13	Lack of cooperation within industry
13	Public good research is declining
11	Change CWB policies
8	Lack of access to consumers and shelf space
4	Lack of manufacturing sector in Alberta
3	Consistent supply of wheat to market
1	Corporate inertia
1	Poor identity preservation systems
0	Company acquisitions and mergers
0	Cost of raw materials (least cost production)
0	Interprovincial trade barriers
0	Labor Issues
0	Lack of origin labeling
0	Patented genes and life forms
0	World opposition to GMO and PNT lines

NOTE: In both rankings, the higher the number of points, the greater support from the group. All points listed were judged as important, points indicate the need for immediate investment in "first steps" for the industry.

Appendix B: Participants and Reviewers

Participant List

Last Name	First Name	Organization
Klapstein	Cam	ACIDF
Bush	Tracy	Permollex, miller, processor
Dagenhardt	Kieth	Western Grain Research Foundation
Foster	Clif	Alberta Barley Commission
Graf	Rob	AAFC, plant breeder
Hall	Alan	ACIDF, AARI
Hoover	Karen	AAFRD
Jackson	Lynn	Alberta Soft Wheat Producers Commission
Kloeck	Trevor	AAFRD
Luoma	Soulo	Producer, seed grower
Machacek	Tom	ACIDF, producer
Nakonechny	Marvin	ACIDF, producer, seed grower
Phillips	Connie	AAFRD
Salmon	Don	AAFRD, plant breeder
Schroeder	Jim	Schroeder Milling Ltd.
Schultz	Henry	Alberta Soft Wheat Producers Commission
Shaw	Craig	Alberta Winter Wheat Producers Commission
Spaner	Dean	U of A, AFNS, plant breeder
Stevens	Nicola	AAFRD
Swallow	Kevin	AAFRD, food scientist
Walkey	Doug	ACIDF