

Canadian Grain

A Newsletter from the Canadian Wheat Board

Volume 1, 2006

The 2005 Harvest in review

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For the second consecutive year, wet harvest conditions in Western Canada caused quality losses in the wheat, durum and barley crops. Quality losses were more pronounced in spring wheat and barley than durum wheat. Although spring wheat and barley quality is well-below average, the results are better than in 2004.

The harvest difficulties began in late August, after a very favourable growing season. The last week of August and the first two weeks of September were unseasonably wet, with persistent rainfall reported from southern Alberta to northeastern Saskatchewan. Portions of crops were downgraded in regions that received the heaviest rainfall. Weather conditions in the southern Prairies were better, with most of the crop in Manitoba and the southern

areas of Saskatchewan finishing harvest by the end of September. Harvesting in the northern areas of Saskatchewan and Alberta stretched into November, with approximately 95 per cent of the harvest complete by November 1.

In terms of quality, the 2005 harvest was better than 2004, but still well below long-term averages. Crops grown primarily in the southern Prairies (durum for instance) had closer-to-average quality. Conversely, crops (such as barley) that are produced more in northern regions were significantly below normal quality. The main quality concerns have been downgrading due to hard vitreous kernel (HVK) levels, bleaching and mildew.

Statistics Canada currently estimates that total wheat production in Western Canada is 24.8 million tonnes. Spring wheat production is estimated to be 18.4 million tonnes, while durum wheat production is forecast to be 5.9 million tonnes. Barley production is expected to reach 11.7 million tonnes. All production estimates are well above last year's levels and are the result of near record yields.

Protein levels of both Canada Western Red Spring (CWRS) wheat and durum wheat are similar to last year, but below the five-year-average, due to the excellent growing conditions experienced in 2005. In most regions, crops experienced minimal stress, which was reflected in the relatively low protein contents. ■



A BRIGHT IDEA



Instant noodles have long been a favourite of busy households, but a new product from Latin America's Empresas Carozzi SA will provide more choices for people on the go.

Pasta para Uno is a new instant dish designed for consumers looking for a quick meal. Pasta lovers no longer have to wait for their pasta to cook – just add boiling water to the plastic serving cup and Pasta para Uno is ready in five minutes.

Empresas Carozzi SA is one of the largest food conglomerates in Latin America, with over \$450 million U.S. in total sales. The company offers more than 2,000 products through its different divisions, including pasta, chocolates, cookies and flour.

With production plants in Chile, Peru and Argentina, the company employs over 4,000 staff and its products can be found in more than 30 countries around the world.

Western Canadian grain: Quality assured

Western Canada has a global reputation for producing some of the finest quality wheat grown anywhere in the world. The quality of wheat purchased through the Canadian Wheat Board (CWB) is assured through a strict system based on four key elements: varietal registration and functional performance, grading, uniformity and cleanliness and safety.

Varietal registration and functional performance

The cornerstone of Western Canada's wheat quality assurance system is tight control of the variety registration in each class. Before a wheat variety can be registered for production in Western Canada, it must undergo careful evaluation for end-use quality performance, agronomic performance and disease resistance characteristics. Each of the unique wheat classes, such as Canada Western Red Spring (CWRS) wheat, has a distinct range of functional characteristics. In the final three years before a variety can be considered for registration, the new variety is grown in a series of crop performance trials across the wheat-growing region. The candidate variety is compared to current reference varieties on all aspects of quality, agronomic and disease performance, and will not be accepted if there is significant difference from the expected performance.

The purpose of this tight varietal control is to provide functional uniformity within each class, ensuring customer satisfaction. All varieties registered in a class will exhibit very similar end-use performance and shipments will be consistent in processing quality, cargo-to-cargo and year-to-year.



This is important for a class of wheat such as CWRS, since large quantities of CWRS are produced each year across a wide range of growing environments in Western Canada. Certain CWRS varieties may be adapted for growing in specific regions, but the registration system ensures they will perform in a manner comparable to varieties grown in other regions. This allows blending of wheat from a wide geographic basis, with little or no impact on end-use performance.

The same is true of all wheat classes. As new varieties with significant quality improvements are developed, such as improved gluten strength, they will take over as the new reference standard. This allows classes to improve in quality over time, without significant quality fluctuations from year-to-year.

As well, any new wheat variety must not conflict with the visual distinguishability rule that is used to separate wheats of different classes. Each of the eight western Canadian wheat classes has been assigned a combination of seed-coat colour and physical kernel configuration that is different and distinctive. This is called Kernel Visual Distinguishability (KVD). The differences have to be great enough so that grain inspectors can readily distinguish one class of wheat from another as wheat moves from farms through primary elevators to customers in Canada or around the world. Complete separation of

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these eight different classes of wheat is possible as they move through the transportation and distribution channels, which ensures that buyers receive wheat with consistent end-use performance.

Grading system

Canada's stringent grading system, enforced independently by the Canadian Grain Commission (CGC), is recognized as the best in the world. The grading system in Canada provides a series of maximum tolerance levels for a range of

important characteristics that ensure functionality, cleanliness and freedom from disease, noxious seeds or other harmful factors. As well, all Canadian grain is cleaned at terminal position prior to export and is thus "commercially clean". The cleaning process ensures that dockage is removed from the grain prior to export.

There is a direct line of feedback from customers, either through the CWB or through the CGC, when changes to grading standards are needed. This means that grading factors for Canadian wheat are always relevant and responsive to customer needs.

When buying official CGC grain grades from Canada, customers do not need to rely on any additional contract specifications to assure them of satisfactory performance. The total package of grain grade determinants and their tolerance levels has been developed with a focus on positive impact on end-use functionality. All shipments are accompanied by a CGC Certificate Final that is the buyer's independent assurance of grain quality from the Canadian government.

Uniformity

The geography and marketing structure of Western Canada have contributed to the creation of a transportation and handling system where grain of the same grade grown in different regions is combined and blended by the time it reaches export position. Additionally, all classes of wheat delivered to Canadian export terminals are segregated according to grade. These factors minimize regional variability, creating uniformity between and within lots of a similar grade.

During vessel loading, wheat is inspected on a continuous basis to ensure that each shipment meets or exceeds the CGC's official export standards established for each grade of grain.

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Uniformity is also assured through the registration system. With the strict quality requirements inherent in this system, there are very few new varieties introduced, and all must meet existing standards. In terms of flour yield, flour ash, protein content, gluten properties, falling number, baking absorption, loaf volume, or whatever the quality criteria may be, millers can easily predict functionality simply by buying the desired Canadian wheat class and milling grade.

Cleanliness and safety

Western Canadian wheat has proven itself to be the cleanest in the world. Strict grading standards and cleaning procedures, both at primary and export levels, ensure buyers get exactly what is paid for. This is a benefit to millers, as the cleaning of excessive dockage can result in health and safety problems, as well as in higher costs for operating and maintaining cleaning equipment. Cleaner wheat will also result in higher milling yields.

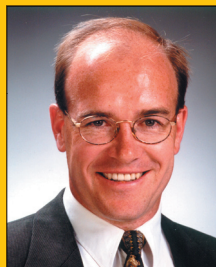
Grain safety is another major quality commitment. Due to Canada's cold winter climate, the need for pesticide application to control insects is greatly reduced, compared to other exporting countries. The CGC continuously monitors chemical residues, mycotoxins and trace elements, providing customers with the assurance that grain shipments will meet the most stringent tolerances.

These four cornerstones combine to ensure customers that Western Canada's grain is among the safest in the world. ■

The Canadian Wheat Board introduces...



CEO Adrian Measner is pleased to introduce the CWB's new leadership team. The team is responsible for carrying out the CWB's strategic plan, established by its farmer-controlled board of directors.



Ward Weisensel
Chief Operating Officer



Laurel Repski
Vice-President of
Human Resources



Margaret Redmond
Chief Strategic Officer and
Head of Corporate Services



Graham Paul
Chief Information Officer



Brita Chell
Chief Financial Officer



Deanna Allen
Vice-President of Farmer
Relations and Public Affairs

Controlled by western Canadian farmers, the CWB is the largest wheat and barley marketer in the world. As one of Canada's biggest exporters, the Winnipeg-based organization sells grain to more than 70 countries. All sales revenue, less the costs of marketing, is returned to Prairie farmers.

Canadian farmers innovatively leading the way in the global grain movement.

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Canadian Grain is a publication of the Canadian Wheat Board (CWB). Canadian Grain is designed to keep our Asia-Pacific grain industry partners informed about the Canadian system of grain marketing, CWB initiatives and factors that influence the marketing of western Canadian wheat and barley.

Readers are invited to submit questions and comments to:

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