

# First <sup>In</sup> Grain

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## Branding adds value for CWB customers



Co-branding projects are another way the CWB can add value for its customers, says David Burrows, CWB director of brand development.

The CWB has created a series of logos to tell consumers the product they're buying is superior because it's made with 100-per-cent western Canadian wheat, durum or barley. In English, Spanish, Portuguese, Mandarin or Japanese, the logos say *Made from Canadian Wheat for Top Quality* or *Canadian Wheat Makes it Good*.

"Canadian wheat, durum and barley are synonymous with excellent quality and service," said Burrows. "It's the extra value that sets us apart from others who sell grain around the world.

"Our customers understand this. Now it's time to help consumers of our customers' products appreciate the superior quality of Canadian grains and the foods made from them."

While co-branding projects will help the CWB secure and expand markets for Canadian wheat and barley, it will do so only because of the inherent advantage offered to international food manufacturers and processors.

"Millers, pasta producers and other food manufacturers whose products are made with 100-per-cent Canadian grains stand to benefit a great deal from co-branding," said Burrows. "Our new logos are an easy-to-spot seal of high quality, a quick and easy way to say, "You're buying a great product"

## Major Japanese miller promotes 100-per-cent Canadian flour



Japanese end-users and consumers are well known for their insistence on quality. Nitto-Fuji Flour Milling Co. has responded to this demand with intense promotion of a flour made from 100-per-cent Canadian wheat.

"The Japanese milling industry is very competitive with each mill looking for an edge over its competitors," said Derek Sliworsky, general manager of the CWB's Tokyo office. "We're proud that Nitto-Fuji has chosen to

focus on a product made from 100-per-cent Canadian wheat – and that it's seeing results in terms of consumer preference and purchases."

Since 2005, the CWB and Nitto-Fuji, one of Japan's four largest flour milling companies, have cooperated on a promotion involving consumer co-ops in Tokyo. When co-op members buy a certain quantity of Nitto-Fuji's Canadian-only, home-use flour, they can enter a draw for a CWB-branded cutting board made in Canada. The promotion was expanded this year to include a co-op on Shikoku Island.

Nitto-Fuji is one of several companies promoting Canadian-only flour. The flour is produced under the co-op's private brand.

# Durum wheat makes excellent Asian noodles

Durum wheat and Asian noodles have both been around for a very long time, but until recently they've had nothing to do with each other. Earl Geddes, CWB vice-president of product development and marketing support, says now they've been introduced, durum wheat and Asian noodles have the potential for a long and prosperous relationship.



CIGI technician Esey Assefaw examines Asian noodle products at Indofoods in Jakarta, Indonesia

As part of its commitment to customers and to farmers, the CWB searches out new uses and new markets for the wheat, durum and barley grown in Western Canada. It supports research into new products and into traditional products made with non-traditional ingredients. Through its partner organization,

the Canadian International Grains Institute (CIGI), the CWB supported an evaluation of durum wheat fine flour for yellow alkaline noodle processing by Dr. Bin Xiao Fu, CIGI's head of noodle and steamed bread technology, and his colleagues. Results of a CIGI study evaluating the use of durum wheat fine flour in alkaline noodle processing are featured in the July/August 2006 issue of *Cereal Foods World*, a publication of AACC International.

"The results were very promising and surprising as well," said Dr. Fu. "Even by using straight grade fine durum flour, the alkaline noodles had a very bright yellow colour with very slow discolouration, and the cooked noodles were firm, with very good texture-retention properties."

"This is very good news for farmers and our customers," said Geddes. "Durum fine flour with 70 per cent extraction rate can be used to replace short patent common wheat flour with 35 per cent extraction rate to produce premium alkaline noodles. This could make farmers and their customers a lot of money."

Western Canada boasts a durum-producing region of more than five million acres. It's a semi-arid area of brown and dark brown soils that produces more than half the world's exports of durum – about 4.1 million tonnes per year.



Asian noodles made from (left to right) commercial noodle flour from Asia, Canada Western Amber Durum (CWAD), and Canada Western Hard White Spring (CWHWS)



Noodle-making demonstration at the Bogasari Baking Center in Jakarta, Indonesia

"The customers we met with on our recent technical mission to southeast Asia were very interested in what we were able to tell them about this new use for western Canadian durum," said Earl Geddes, CWB vice-president

of product development and marketing support.

Geddes headed a technical mission to Indonesia, Malaysia and Singapore in early March. His team included scientists and technical staff from the Canadian International Grains Institute and the Grain Research Laboratory.

"This information about durum's potential is also being shared with other markets where alkaline noodles are popular," said Geddes. "We're getting the same positive response there."

# The Ethanol Factor: Volatile markets in the months ahead

Ethanol has already had a big impact on global markets, and its potential for future influence is even greater. According to many industry observers, the demands of ethanol on U.S. corn are the biggest single change that global markets have had to deal with in 30 years.



This isn't because U.S. ethanol demand is market based. It isn't. On the contrary, ethanol's demand for corn is due almost solely to U.S. government support for bio-fuels. It's a policy that's proving popular with farmers, investors and

consumers and so not expected to change anytime soon. In fact, analysts agree the U.S. government may soon mandate an increase in ethanol production.

According to Rick Steinke, CWB director of market analysis, the U.S. government has significantly expanded ethanol production for three reasons. The first and most important is to reduce reliance on foreign energy imports – something that has serious security ramifications for the U.S. The second is that it creates jobs and is good for the rural economy – making it very popular in the Senate which is heavily influenced by largely rural states. The third is that it's good for the environment – something that appeals to many urban constituents.

In 2005, the United States passed an Energy Bill that clearly outlines the requirements for bio-fuel production through 2012. The U.S. provides a blender credit for ethanol of US\$.51 per gallon (guaranteed through 2010). In addition, global exporters of ethanol are required to pay a duty of US\$.54 per gallon when selling ethanol to the U.S. market.

Husky ethanol plant in Lloydminster, Saskatchewan

The Energy Bill's target was to produce 7.5 billion gallons of ethanol by 2012. "But the ethanol industry has been so profitable for investors that it is possible the 7.5 billion-gallon target will be reached in 2007," says Steinke.

The CWB is projecting corn consumed for ethanol purposes in the 2007-08 crop year to reach 73.6 million tonnes or about 29 per cent of U.S. domestic corn use. With oil trading at more than US\$60 per barrel, these ethanol plants are still very profitable even though the futures price of corn is now over US\$3.80 per bushel. (Price at the time of print.)

This new ethanol demand for corn has significantly reduced U.S. corn stocks. U.S. corn stocks in 2006-07 are projected to be less than 22 million tonnes which is the lowest they have been in over a decade. In the 2007-08 crop year, the U.S. needs to produce a record corn crop in order to keep corn stocks from falling even further.

"Expect very volatile markets in the months ahead as traders try to sort out how large the corn yield will be," says Steinke. "Any planting or production problem in the U.S. corn crop is sure to send prices higher."



# Faces & Places



CWB and CIGI staff with representatives of Lijin Food Supplies and Edible Oil Co. in Tianjin, China



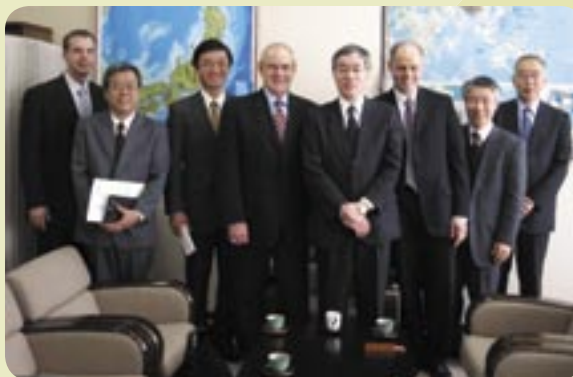
CWB and CIGI representatives pose with the staff of Syarikat Bakery, outside of Kuala Lumpur, Malaysia



The Director General of Japan's General Food Policy Bureau Mr. Okajima with CWB's interim CWB President and CEO Greg Arason.



Noodle-making demonstration at Bogasari Baking Center in Jakarta, Indonesia



CWB representatives meet with officials of Japan's General Food Policy Bureau: (left to right) Derek Sliworsky, Mr. Kurata, Mr. Sasaki, Greg Arason, Mr. Minagawa, Darrell Bushuk, Mr. Urata and Shigemichi Morita



Representatives of the CWB, CIGI and the Canadian Grain Commission with lead bakers of the Bogasari Baking Center in Jakarta, Indonesia



*First in Grain* is a publication of the Canadian Wheat Board (CWB). *First in Grain* is designed to keep our 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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