



OCIPA Update

EUROPEAN UNION'S (EU) COMMON AGRICULTURAL POLICY (CAP) REFORM

On June 26, 2003, the EU Council of Agricultural Ministers agreed on a package of reforms to the CAP. Much less ambitious than the reforms proposed by Agriculture Commissioner Franz Fischler in January 2003, these reforms will still give the EU additional flexibility to reduce trade-distorting domestic support in WTO negotiations. However, a central consideration is that Member States retain significant options regarding timing of introduction of reforms, and even the degree of "decoupling" reforms introduced. Key elements include:

- a single farm payment for EU farmers based on payments claimed in the 2000-2002 reference period. This decoupled payment replaces some or all of the amounts currently paid under

a variety of programs. Independent from production ("decoupled"), this payment will be linked to compliance with environmental, food safety, animal and plant health, and animal welfare standards, as well as a requirement to keep all farmland in good agricultural and environmental condition. Penalties would be applied for failing to fulfill these requirements.

- Member States have the option to retain up to 25% of payments "coupled" to production (40% on durum wheat, higher percentages on various livestock enterprises).
- a reduction in direct payments for larger farms (3% in 2005, 4% in 2006, 5% in 2007 and onwards) with the savings used to finance rural development measures.
- no reduction in the intervention prices for cereals.
- a new financial trigger to ensure that

CAP expenditures do not exceed the EU's agricultural budget which has been fixed through 2013.

Because Member States have considerable latitude in implementing decoupling measures, ranging from 25% to 100% of current "blue box" payments, the EU will remain much more dependent on the "blue box" category than previously expected at current WTO negotiations. Increased Member State latitude is a potential minefield allowing national governments to get back into discretionary and disproportionate farm support. Moreover, the total amount of reduction in Total Aggregate Measure of Support is much more modest than as previously proposed in January reforms or as contemplated at WTO talks. The reforms have little direct affect on export subsidies nor on market access, both of which are key sticking points at WTO negotiations. ❏



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DOHA DEVELOPMENT ROUND OF WORLD TRADE ORGANIZATION TALKS

Little apparent progress is being made in WTO discussions leading into the mini-Ministerial held in Montreal at the end of July which are in preparation for WTO talks in Cancun, Mexico this September. EU reforms to the CAP (outlined above) are far short of previous proposals and targets. The U.S. has made it clear that no reductions will

be made to the Farm Bill without meaningful (and large) reductions from the EU. But, as French President Jacques Chirac made clear, "European farmers will not pay twice. If they meet the terms of CAP reform, they will definitely not give again at the WTO". A successful conclusion to WTO negotiations by 2005 seems extremely remote. ❏

UPDATE ON THE AGRICULTURAL POLICY FRAMEWORK (APF) AND BUSINESS RISK MANAGEMENT (BRM)

As this is being written, the Yukon Territory has become the latest to sign an APF Implementation Agreement (IA) with the Federal government. The list now includes B.C., Newfoundland, and New Brunswick (as previous signatories to the national NISA agreement) plus Alberta (who, along with the Yukon, were not signatories to the national NISA agreement). For the proposed new BRM programs to become "national" programs, 7 provinces (all of whom must have been signatories to the

previous national NISA agreement) representing at least 50% of agricultural production in Canada must sign individual IAs. Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and PEI have yet to sign. Ontario is not likely to sign an IA until perhaps October (after the expected September election). Moreover, Minister Johns has repeatedly stated that Ontario would not sign without clear direction from producers.

Direction from the Ontario Agricultural Commodity Council (OACC) awaits the

release of the George Morris Centre study on the proposed BRM programs of the APF. Originally scheduled for completion June 27, finalization of the report and forwarding to Minister Johns is now expected July 25. Assessment of the report and response from the OACC would follow some time after public release of the report, the date for which is unknown at present.

What are the implications if 7 provinces representing 50% of production sign IAs, but Ontario and/or Quebec do not? No one seems to know that answer. ♣

BROAD SPECTRUM PEST INSECT INSURANCE IN FIELD CORN

Research over the past four years at the Ridgetown College / Department of Plant Agriculture in collaboration with producers and industry has confirmed a unique situation that corn producers have not had since corn came into production in Ontario many years ago. By combining the newly registered clothianidin with certain Bt events (MON 810), protection against all the major corn insect pests found in Ontario is possible. Wireworm, European

chafer, corn rootworm (suppression), corn flea beetle in seedlings, black cutworm (suppression) and seed corn maggot are covered by clothianidin, while BT MON 810 controls European corn borer and common armyworm. While other combinations of Bt events/seed treatments were tested, this one affords the broadest spectrum. The Bt CRY 1-F is much less effective against common armyworm than MON 810, but equally effective against European corn borer and

more effective against black cutworm. It does control fall armyworm, but this is not a significant pest in Ontario and must not be confused in the marketplace with common armyworm, which is sporadically serious. The new Bt Yield Gard for rootworm currently is the most effective option against corn rootworm, but lacks control of European corn borer, black cutworm and common armyworm. (Dr. Art Schaafsma, Ridgetown College, University of Guelph) ♣

WATERSHED-BASED SOURCE PROTECTION PLANNING

OCA supports the submissions made by both AGCare and the Ontario Farm Environmental Coalition (OFEC) to the Ministry of the Environment's Environmental Bill Registry #XA03E0011. Key components of both submissions:

- Drinking water source protection plans must be based on science, not "precautionary principles". Real solutions to real issues, not additional challenges generated by perceived problems and pre-conceived agendas.
- Drinking water source protection should be part of a multi-barrier approach including water source selection, proper siting, municipal well construction, maintenance, testing, treatment, and monitoring.
- Agriculture can do its part through the implementation of Environmental Farm Plans and Nutrient Management Plans. Farmers own the majority of rural lands

in southern Ontario and are therefore a critical stakeholder in the process and the resolution of any problems.

- Drinking water source protection planning committees must report directly to the Ministry of the Environment rather than local Conservation Authorities or the Conservation Authority's Board of Directors. New powers for municipalities to regulate existing land use are not required unless there is strong scientific evidence that a direct threat to drinking water source exists.
- Technical Committee(s) must have agricultural representation because this expertise is necessary for the proper comprehension of issues relating to nutrient management, agricultural inputs, and other aspects of production agriculture. Extension staff working with rural communities to identify stewardship projects and assist in

- implementation are a key requirement.
- Landowners and farmers who own and manage most of southern Ontario's rural lands must have the opportunity for meaningful input and broad public consultation. Posting on the Environmental Bill Registry is not sufficient nor adequate consultation. ♣

OCPA NOTICE TO MEMBERS

In accordance to OCPA by-laws, OCPA members must be informed of the upcoming Semi-Annual meeting in an OCPA publication. The Ontario Corn Producer magazine has been dropped back from 10 issues to 9 issues. The next issue will be a September/October issue. We have taken the opportunity to provide you with a newsletter update as well as details for the Semi-Annual meeting September 9, 2003 at the Four Points Sheraton Hotel, London.

SEMI-ANNUAL MEETING

Agenda

**Tuesday, September 9th – Four Points Sheraton Hotel
1150 Wellington Rd S, London**

- 8:30 a.m. **Registration & Coffee**
- 9:00 a.m. **Introduction & Opening Comments**
Mat Menich, OCPA President
- 9:10 a.m. **Production Update**
Greg Stewart, OMAF Corn Specialist
- 9:40 a.m. **Environment Issues**
John Fitzgibbon,
School of Environmental Design & Rural Development,
University of Guelph
- 10:10 a.m. **Market Update**
Gert McClure, Farmers Grain Dealers Inc.
- 10:40 a.m. **Safety Nets in Ontario**
To be announced
- 11:10 a.m. **Panel Discussion/Question Period** (*all morning speakers*)
- 12:00 p.m. **Luncheon**
Guest Speakers
- Tom Cox, IGPC
 - Dave Levac, MPP, Brant
 - Ontario Minister of Agriculture, Hon. Helen Johns (invited)
- 1:30 p.m. **Business Meeting**
- Committee Reports
 - Resolutions
 - Consideration of budget for fiscal year beginning
October 1, 2003

For more information contact the Ontario Corn Producers' Association at:

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COMMERCIAL ALCOHOLS INC. CORN SUPPLY AGREEMENTS

OCPA commends a recent effort by Commercial Alcohols Inc. (CAI) to expand the volume of Ontario corn purchased directly from Ontario producers. At a July 15 meeting in Chatham, Corn Supply Contract Agreements were introduced by CAI to an audience of regional corn producers. The concept is that individual producers would sign a Corn Supply Agreement directly with CAI to deliver a specified quantity of corn in weekly deliveries to the Chatham ethanol plant scheduled as much as 12 months in advance. There are

several pricing options:

- **Basis fixed.** Upon delivery, the producer could receive the previous 4-week average FOB farm price for the Chatham-Kent area, less the average daily Chicago Board of Trade price, plus 25 cents delivered to Chatham. In addition, a premium for storage and delivery 9 - 12 months out will also be paid.
- **Basis and Futures fixed.** The producer can also fix the CBOT price and would receive the previous 4-week average CBOT daily close plus the basis determined as above.

- **Flat price fixed.** The producer can fix a flat price up to 3 months in advance on a specified minimum delivery volume. Corn must be priced before delivery.

Producers at the meeting had several suggestions for changes and additions and were encouraged by CAI to submit more ideas. CAI is finalizing details and additional options. With currently less than 20 growers selling directly to the Chatham ethanol plant, these Corn Supply Agreements would appear to be of interest to many more producers when finalized. ♣

EUROPEAN CHAFER MANAGEMENT IN FIELD CORN AND WINTER WHEAT

Several thousand hectares of corn and wheat were infested again with economically damaging populations this year in the sandier soils across most of southern Ontario. Research at the Ridgetown College/Department of Plant Agriculture in collaboration with

producers and industry has led to a preliminary sampling plan and decision threshold in both wheat and corn to assist producers in identifying economically threatened fields. Work over the past three years has also led to the registration this spring of

chlorothianidin in corn which appears to control chafers in corn seedlings when applied as a seed treatment. So far we do not have a viable solution other than avoidance in winter wheat. (Dr. Art Schaafsma, Ridgetown College, University of Guelph) ♣

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for OCPA Members
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