



the Oat Scoop

MARCH 2014

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Good news about oats?

Work group working

POGA created a multi-stakeholder a transportation work group with farmers, millers, and handlers in the autumn when early signs of the transportation challenges began to emerge.

Instead of peaking as it usually does, Canadian oats being shipped to the US dropped in August of 2013. That month saw less than 100,000 tonnes shipped south, compared to over 250,000 in August of 2012. By the time demand had returned, little rail service was available. It's clear that the rail system is under tremendous stress. Total railcar shortfall is at an unprecedented level of 51,000 railcars. (WGEA Testimony House of Commons Standing Committee on Agriculture, February 10th, 2014)

This is particularly frustrating in a year when Statistics Canada has reported that oat crops had an increase of 38% from 2012 to 2013. An increase of this magnitude was sure to cause problems in the transportation system and may be amplified next harvest.



“We need improvements on rail service, more trucking options, better handling margins for oats, higher receiving capacity and better turn times at the millers,” observes Robynne Anderson (above left), consultant to POGA. “We should resist the temptation to point the finger towards any one place. In order to address this issue and discuss solutions with those who may be able to help us, we must understand how we got here.”

Good news about oats or oat markets has been difficult to find, as we show in this transportation-focused issue of the Oat Scoop! On March 3, POGA president Art Enns (who farms near Morris, MB) noted:

“I could still lock in new crop oats in my area for \$3.25 per bushel. That is a good starting price considering the other crops. In my area we will have an increase in oat acres.”

Some grain watchers agree with Art Enns. Oats may well pick up extra acres in 2014. So how do we move it when we are already sitting on a big crop?

--Editor

The railways' solutions to address grain transportation shortfalls on Feb. 24 is to focus on the West Coast ports. This does nothing to address the problem in oats, which is moving south.

Through the work of POGA, the Minister of Agriculture is well aware of the problems. Following meetings with the railways on February 24th, Minister Ritz said, "Unfortunately, the railways have decided arbitrarily that no cars will be going into the U.S. (for grain). That's really not their role. There are some consequences to be faced when they make arbitrary decisions like that."

In the meantime, American oat customers are looking elsewhere for solutions. Ships loaded with oats have already come from Sweden to the US, and Australia has supplied Mexico. The North American Millers Association indicates the situation is very serious.

The work group is working with the North American Millers Association to focus on some alternatives. As well, POGA's President, Art Enns, is chairing the Grain Growers of Canada Transportation Committee which is one of the foremost groups co-ordinating government outreach and input into the House of Commons Standing Committee.

There have been multiple letters sent to ministers, meetings with provincial leaders, and several meetings with ministers in which POGA has been a vocal participant.

"We have to raise the profile of movement to the US, and also looking for longer term solutions to oat movement," says Anderson. "There is no easy solution."

Loaded up and truckin'?

Farmers are not sitting on their hands and expecting governments to come up with a solution to grain gridlock. Alan Butuk isn't quite ready to point his trucks south to the US but he has been doing some homework. Alan and his wife Sonya farm near Insinger, SK, northwest of Yorkton.

After considerable spade work Alan concludes it might be possible to truck oats or other grains to Minnesota or Wisconsin mills for \$1.50 per bushel. Given that bids for oats FOB St. Ansgar, Iowa have been near US\$5.30, the trucking logistics may work, he says.

There is considerable paper work involved with permits, customs clearance and other documents, but companies exist, Butuk says, which can provide almost a "turn-key" service.

Butuk suggests he has an assortment of grain commitments which could keep him trucking through to harvest time, and notes that one of his motivations is concern for the industry and for Canadian farmer's ability to consistently supply high quality commodities. (He is a recently elected director with the Saskatchewan Oat Development Commission (SODC) and POGA.)

With stories circulating that some mills may be on the verge of shutdown, he notes, "You don't just switch them off and on that easily".

Canadian Eh? Bring Your Truck!

As a side-bar to this story, producers at the Alberta Oat Growers Commission second annual meeting in Leduc were told that some US oat processors have been asking for exemptions to current highway regulations, which could allow larger Super B semi units to haul into previously restricted area. So far no word that would confirm the exemption is happening.

Long time oat industry resource person Dennis Galbraith is with Richardson's at Portage la Prairie, MB (formerly CanOat Milling/Viterra). He explained that in some states (such as Minnesota) multi-axle trucks are restricted, meaning that (for now) only smaller loads (23.5 MT) can be hauled by trucks with no more than two axles, in certain states.

Tracy Bush with Canadian Oats Milling, near Edmonton, said her company has had good success moving its finished product by intermodal employing piggy-back containers up to 53 feet in length. Ocean container movement, she said has been no problem, but the wait for hopper car shipments is, like elsewhere across the prairies, up to three months.

As with other farmer meetings these days, the transportation issue sparked some lively discussion! As to grain movement into the US, POGA Executive Director Shawna Mathieson noted, "I don't think I would be out of line to say oats is one of the worst (affected) crops... because 90 per cent of our oat exports are to the US."

Tracy Bush advised the growers to keep an eye out for spot movement into "niche openings" from processors in particular.

A lot of wheat: Post-CWB Wild West mentality?

With the end of the Canadian Wheat Board monopoly and its control of wheat and barley markets, something happened, says Randy Strychar of OatInformation.com. Speaking to the Wild Oats Grain World Conference in Winnipeg February 25, Strychar noted:

"I think something people have overlooked that there are a lot of brand new players in the market. The easiest thing you could do (to earn market share) is go out and sell." The Vancouver-based analyst concluded that some new players were looking to book every bid, thereby placing still more pressure on system logistics, which were already straining to keep up. "As far as I am concerned, we may have created a wild west scenario in the wheat and barley markets which may play out in the next 6 to 8 months."

Terry Tyson of Grain Millers in Yorkton, SK agrees. "We became aware", Tyson says, "that, yes, there were 50 or 60 ships bobbing in harbour (at Vancouver), and yes, we now agree that there has been huge wheat shipments, even ahead of pace. But there are still up to 60 ships on demurrage." To some, that picture could infer that there just aren't enough cars or engine power to accommodate all the sales on the books.

"That leads me to conclude that, even in a normal rail situation, there would have been a 'train wreck,' if you will, at Vancouver," Tyson added.

New-found 'respect' for oats costly to producers and industry

As the crop which often gets little prominence in world market discussions, the 2014 grain logistics back up in oats has garnered some media attention. POGA directors have been quoted in both agricultural and business media about a situation that has inverted the oat market and left producers sitting on bins filled up by a bumper crop. Even the prestigious Wall Street Journal got into the act (Feb. 25) with a piece entitled Oats Stuck in Canada Clog the Market. The item re-told the situation of long-time SODC and POGA director Jack Shymko of Ituna literally "sitting" on a 50,000 bushel oat pile!

But oat analyst Randy Strychar said the situation could spell long-term hurt to the industry and could foreshadow the end of oat price discovery on the Chicago Board of Trade (CBOT). Speaking to Wild Oats Grain World in Winnipeg Feb. 25, Strychar said, "In 35 years in the oat market, this is the most dysfunctional I have ever seen it." And, as he has been saying since last December, "I don't see much positive (in oats) for the next 6 to 12 months."

Strychar described a "perfect storm" in the oat world -- record grains and oilseeds crop including record oat yields plus production increase of 800 thousand MT -- in the midst of apparent transportation grid-lock. And, as noted above, there's a lot of wheat, and then exponential increase in oil shipments which automatically pushed grains further down the shipment queues. With no pun in mind, Strychar said, "It's a virtual train wreck!"

Save the Date!

Prairie Oat Growers Association 2014 Annual General Meeting in Banff, AB

**Location: Banff Springs
Hotel, Banff, AB
December 4, 2014**

**Call 1-403-762-6866 now
to book your room.**

*Ask for the Prairie Oat Growers
Association group code 1214POGA,
which is a special negotiated room rate
of \$139 per night (plus fees and taxes).
The number of available rooms is
limited so book now!*

"We are within an eyelash of shutting down the US oat (milling) industry – it's that close, in terms of getting grain down to them."

Furthermore, cash trade had come to a near zero volume, as fewer and fewer bids could be found. "In fact I can't find any of the mills that have got a solid bid all the way up to December. Some to February of 2015."

Strychar says the U.S. oat millers consume about 120,000 tonnes of oats per month (equivalent to 8.75 million bushels per month), leaving them now with about 30 days based on available supplies. "If we can't get rail cars down to them, they're going to run out of oats." He predicted the end result would be a "bigger disaster" for the millers than even the oat producers.

"Even if we could get those (oat) cars; even if we could get those 8.75 million bushels to the US mills every month, likely we could not re-build those stocks for 18 to 24 months."

And if the point needed underlining, "If anyone thinks there is a secret supply of oats, I'm 35 years in the oat business, well connected, and I can't find that secret supply so we are very very close to running these oats out of supply right now."

Strychar reiterated that POGA has made a huge investment to try to re-capture lost equine feed markets, with little success so far, largely because of the non-availability of a large and consistent supply of oats to feed processors.

For the time being, Strychar concluded, "current oat metrics don't matter; unless you've got a predictable supply of cars we don't have an oat market." Canada will also lose out to off-shore suppliers of oats such as Scandinavia and/or Australia if the supply problem is not corrected, he said.

Editor's note: On the same day, also at Grain World, Saskatchewan announced it was stepping up efforts to assist the federal government in handling the rail-grain situation, and, Agriculture Minister Gerry Ritz made two appearances at the conference to give his assurances that the railways would begin to supply more grain cars, at least in the short run. But Strychar pointed out that there was no guarantee from Ritz that cars or locomotive power would be available to move oats south across the 49th parallel.



Do you have a favourite recipe that uses oats?

Submit it to info@poga.ca before **May 15**
and have your name entered in a random draw to **win a \$50 gift card**

PLUS

Your recipe will be included on our website at www.poga.ca.
Check out all the great oat recipes at www.poga.ca today!

Look way, way up!

There's no way of knowing what 2014 spring planting conditions may bring but we do know for sure is that one oat stem will dominate the field-view near Ituna, SK this summer. On June 28 the Ituna community will join with the Prairie Oat Growers Association (POGA) to officially "launch" a 10 meter tall (actually slightly higher) steel oat stem in the midst of a brand new park, to be called Avena Gardens (*avena sativa* is the generic scientific name given to oats).

The June 28 event will mark POGA's beginnings at an all-prairie meeting of oat growers in Ituna in 1998 and hosted by local marketing clubs. The founding farmers recognized that oats had entered a new marketing era, with large tonnage being exported to US mills. Their vision was to continue to develop new markets and their goal was to help sustain oats as a profitable crop to grow in Western Canada

Several area farmers were among the first POGA board of directors, including Jack Shymko and Michael Spilchuk from Ituna and Willie Zuchkan of the Parkerview-Foam Lake area.

Jack Shymko was the first POGA chairman. Mr. Shymko, Mr. Spilchuk and Mr. Zuchkan became directors of the Saskatchewan Oat Development Commission (SODC) from its inception in 2006. Mr. Zuchkan is the current SODC chair.

The giant oat stem has been crafted by local artist and shops teacher Dennis Muzyka of Goodeve, SK. Details for the official oat-stem "unveiling" June 28 are being finalized. Check with the Town of Ituna office for further details.

Passing of the scoop

Incoming president Art Enns, left, and his predecessor Bill Wilton share a few memories and reminiscences at the POGA annual general meeting in Winnipeg Dec. 5, 2013.

Handing over the oat scoop is a tradition initiated at the inaugural convention of POGA in Saskatoon in December of 1998.

Auctioning the oat scoop became highly competitive entertainment/fund raiser at the meetings, as participants sought the honour of having the scoop for the ensuing year.

President Enns is a farmer at Morris, MB, and Bill Wilton farms south of Winnipeg at Île-des-Chênes.



New varieties recommended

Two new milling oat varieties have been recommended for registration this year, after examination by the Oat and Barley segment of the Prairie Grain Development Committee (PGDC), in Winnipeg, late in February. Dr. Aaron Beattie of the Crop Development Centre in Saskatoon says OT3066 has shown high yield potential in two years of coop trials. It's an earlier maturing variety with several

similarities to the highly popular Dancer variety. Dr. Beattie says the new variety has good milling yield, similar to Dancer with the bonus inclusion of good beta-glucan content. Its low oil content is also convenient for millers. It has moderate resistance to crown rust. Tenders are now out for distribution of OT3066.

Saskatoon-based independent oat breeder and Research Agronomist Jim Dyck says OT6007 is a very early oat line, with very good grain quality. It was shown to be low yielding in 2012-2013 testing, but this is in part due to its readiness for harvest, long before the other entries. The line is intended for a short growing season area, such as the Parkland region. The disease rating is "Moderately Susceptible to Crown Rust" and "Susceptible to Stem Rust", so it is good that the intended growing area for OT6007 is out the rust pressure regions. The line is "Resistant to Smut" and "Moderately Susceptible to Barley Yellow Dwarf Virus" (a good level). He says, "This line, being early, does yield okay when harvested in a timely fashion. More agronomic work will be done with in summer 2014 to build further experience with OT6007. Extra research will provide information for grower recommendations on how best to handle this early line to maximize yields."



At PGDC this year eight barleys were supported for registration SR440 a six row hulled malting line (U of Sask/CDC), BT596 a six row hulled feed line (FCDC), TR07921 a hulled two-row malting line (Sappora U of Sask/CDC), TR11127 a hulled two-row malting line (CDC), TR12733 and TR12735 both hulled two-row feed lines (Crop Production Services), HB12321 a hull-less two-row high amylose high beta-glucan line (CDC), and HB623 a hull-less two-row food line (FCDC).

Editors Note: Of possible long-term potential, one of Jim Dyck's "side interests" is "winter oats". As he has worked on other trials over the past few years, he has selected and propagated a few cultivars that seemed to have the right profile, or at least piqued his research instincts! But there was not much to report in early March, he joked, "They are still sleeping, perhaps not to wake up. This cold winter has dropped soil temperature at 10cm to -16C. Not enough snow cover. Oh well. But, indoors, I am crossing with those lines and hoping to introduce good attributes into spring lines."

New oat grower research funds

Check off funds from oat growers in three prairie provinces continue to attract investment by provincial and federal governments. Major funding announcements came at CropSphere, Jan. 14 in Saskatoon, and a week later during Manitoba Ag Days in Brandon.

In Saskatoon, Agriculture Minister Lyle Stewart and Member of Parliament for Saskatoon-Rosetown-Biggan Kelly Block (for federal Agriculture Minister Ritz) announced nearly \$7 million in funding for 46 crop-related research projects under Growing Forward 2.

POGA received \$233,772 through the Agriculture Development Fund for a project which will identify and study the occurrence of certain fusarium-related mycotoxins which may occur in oats. A second part of the same work will also look at ochratoxin occurrences, especially in various oat processing activities.

In fact, the producer arms of POGA, the Saskatchewan Oat Development Commission, the Manitoba Oat Growers Association and the Alberta Oat Growers Commission, along with the Canadian Grain Commission and the Agricultural Development Fund (ADF) will invest almost \$1 million over the next four years into the research project which will study how mycotoxins affect oats.

Mycotoxins are the secondary metabolites of fungi, more commonly known as molds that can be found in grains and grain products.

SODC incoming Chair Willie Zuchkan said, "Increasingly stringent testing, especially in Europe, makes it more important than ever to be proactive," noting that the proposed trade agreement between Canada-European Union is just one example of a market that is likely to require testing for mycotoxins in oats and other products. The Prairie Oat Growers Association will administer the research project.



POGA President Art Enns, left, POGA Executive Director Shawna Mathieson, and federal Agriculture Minister Gerry Ritz.

In Brandon on Jan. 22, federal Agriculture Minister Ritz announced an investment of more than \$3.7 million in several Prairie Oat Growers Association projects.

According to the federal government news release, POGA will receive more than \$3 million from Agriculture and Agri-Food Canada's (AAFC) AgriInnovation Program for three research projects plus \$600,000 under the federal AgriMarketing program to continue work on re-capturing feed oat markets in the United States.

POGA will continue to promote Canadian oats as high-quality feed for horses through a multimedia advertising campaign to increase awareness of Canadian oats as healthy equine feed and attendance at trade shows and conferences where POGA can hold face-to-face meetings with equine experts, such as veterinarians and nutritional researchers.

This \$3 million from AAFC consists of:

- Up to \$2,905,829 for scientists to pursue collaborative research to develop new oat varieties targeted specifically for cultivation in the Canadian prairies, with the new varieties to be high-yielding with enhanced resistance to disease;
- Up to \$151,500 to create a new method of identifying genes for use in oat improvement; and
- Up to \$109,500 to evaluate how oat beta-glucan improves the responsiveness of the immune system in horses. The beta-glucan fibre found in oats has been proven to deliver numerous health benefits to humans and is expected to do the same for horses, which may lead to increased exports of Canadian oats to markets abroad.



Retiring MOGA Directors recognized
 Directors Lorne Floyd, left, Bill Wilton, centre and Bob Anderson, right, were recognized at the MOGA AGM in Brandon in January. The three long-serving directors were honoured on their retirement from the MOGA board.

The Second AOGC Annual General Meeting



Industry resource speaker Dennis Galbraith of Richardson's in Portage la Prairie (left), and Tracy Bush, of Canadian Oat Milling near Edmonton, were among the speakers at the second annual meeting of the Alberta Oat Growers Commission in Leduc in March, 2014.

POGA Annual General Meeting



Market analyst Mike Jubenville, left, meteorologist Drew Lerner, centre, and John Wiebold of General Mills, right, spoke at the POGA annual general meeting in Winnipeg in December.

This newsletter with all illustrations in colour can be seen at www.poga.ca.

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