



ACROSS THE BORDER

A US-Canadian Agriculture Trade Publication



Vol XCIII, No. 311

Monday, July 13, 2015

\$1.25

\$1.68 in Canada

Cross Border Ag Trade Tops \$40 Bil



World's Longest Shared Border at 5,525 Miles

Top U.S. Agricultural Exports - 2013

- Meat
- Breads, pastries, pasta
- Fruits and Nuts
- Beverages
- Edible Preparations

Top Canada Agricultural Exports

- Breads, pastries, pasta
- Meat
- Cereal grains
- Fats and Oils
- Live Animals

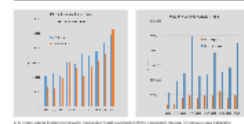
Pulses Cross Freely, Despite Strong US\$

A Working Model for Cross-Border Ag Trade



Data Confirms Fewer Restrictions Increase Border Flow

USDA Pulse and Canola Data



"Removing barriers at the border will increase trade opportunities for both countries."

MT Dept. of Agriculture Explains Wheat Barley Barriers

Various BC to reflect policies, phytosanitary restrictions, and grading

Wheat - Canadian Wheat Board Policy Pre-2012

- Mandates to handle only Canadian wheat and barley
- No imported wheat to handle U.S. origin wheat and barley

Phytosanitary Requirements

- U.S. requires a mandatory phytosanitary requirement for grain
- Canada wheat, barley or pulses enter U.S. without phytosanitary certificate only in border inspection
- Canada has strict phytosanitary requirements for wheat and barley
- Wheat and barley - phytosanitary certificates at origin and/or border inspection

Grain Grading

- Must be grown in Canada for official grading
- Wheat requires tests to classify and official grade

Canadian Wheat Exports to US Top 3.4mil mt

US wheat to Canada just 0.05mil mt

Pulses - Trade across both directions

- Estimated 80% of U.S. pulses flow by truck at 20% by rail
- Fully railroad track

Canola - Can move north cross border

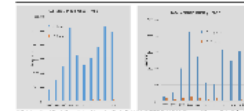
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Barley - Trade moves primarily from Canada to the U.S.

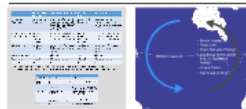
- Wheat - Trade moves primarily from Canada into the U.S.
- Mandatory phytosanitary certificate required for U.S. export

Wheat and Barley Deficit Deepening

Too many policies hinder trade



Ag Department Presents Border Crossing Guide For Some, Trade is Harder than it Might Seem



Current Phytosanitary Limits Questioned Are they based on sound science?



Kernal Bunt

- Statement required for all U.S. shipments regardless of where grown
- Data do not require a statement
- occurs for grain or seed from Arizona

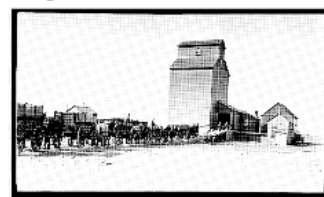
Flag Smut and Dwarf Bunt

- Statement - the material originated in an area free from the pest
- Testing and Phytosanitary Certificate Required

D-05-02 Pilot Project for Alternative Phytosanitary option

- Limited to ND and a list of approved MT counties (P and CCO)

Experts Offer Solutions for Trade



“Modernization is key.”

Phytosanitary

- Ensure policies are based on sound science - phytosanitary
- Science based and least trade distorting
- Recognition of US/Canada land border situation

Pass legislation to remove lowest official classification

- C-48 Modernization of Canada's Grain Industry Act
- Delayed since Dec 2014,
- Good start - doesn't fix everything

Industry and government collaboration

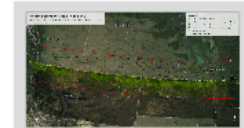
- Work together to find opportunities for producers and the agricultural industry

Variety Registration

- Streamline process
- Modernization to a market oriented system
- Utilize U.S. data to improve efficiency for marketing

Opportunities Abound

Canadian Draw Area Analysis Suggest Potential for More U.S. and Montana Grain Movement North



Presented by
Kim Falcon, Bureau Chief
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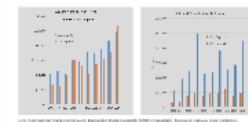
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USDA Pulse and Canola Data



"Removing barriers at the border will increase trade opportunities for both countries."

MT Dept. of Agriculture Explains Wheat Barley Barriers

Seemingly inconsistent policies, phytosanitary restrictions, and quotas

- **Wheat - Canadian Wheat Board Policy Pre 2012**
 - Mandate to handle all Canadian wheat and barley
 - No responsibility to handle U.S. origin wheat/barley
- **Phytosanitary Requirements**
 - U.S. mandatory phytosanitary requirements for grain
 - Canada wheat, barley or pulses enter U.S. without phytosanitary permit or border inspection
 - Canada has strict phytosanitary requirements for wheat and barley
 - Wheat and barley - phytosanitary permit, certificate or origin notice for border inspection
- **Wheat Quota**
 - Wheat for grain in Canada for official industry grade
 - Various regulations for its status and official grades

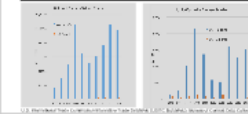
Canadian Wheat Exports to US top 3.4mil mt

US wheat to Canada just 0.05mil mt

- **Pulses - Trade Impacts & Outlook**
 - Exported 60% of U.S. pulses from 2008-2014 by mt
 - Fairly balanced trade
- **Canola - Can move more readily cross border**
 - Exported 60% of U.S. canola from 2008 and 2014 by mt
- **Delay - Trade enters primarily from Canada into the U.S.**
- **Wheat - Trade enters primarily from Canada into the U.S.**
- **Wheatly processed and spent in the system since August 2012**

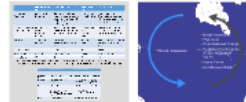
Wheat and Barley Deficit Deepening

Too many policies hinder trade



Ag Department Presents Border Crossing Guide

For Some, Trade is Harder than it Might Seem



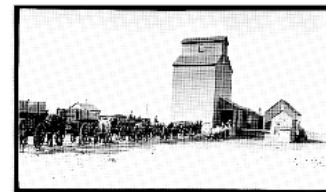
Current Phytosanitary Limits Questioned

Are they based on sound science?



- **Kernel Bunt**
 - Statement required for all U.S. shipments regardless of where grown
 - Oats do not require a statement, except for grain or seed from Arizona
- **Flag Smut and Dwarf Bunt**
 - Statement - the material originated in an area free from the pest
 - Issuing and Phytosanitary Certification Required
- **0-05-02 Pilot Project for Alternative Phytosanitary option**
 - Limited to ND and is list of approved MT counties (IP and COG)

Experts Offer Solutions for Trade



“Modernization is key.”

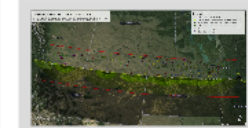
- **Phytosanitary**
 - Ensure policies are based on sound science - phytosanitary
 - Science based and least trade distorting
 - Recognition of US/Canada land border situation

- **Variety Registration**
 - Streamline process
 - Modernization to a market oriented system
 - Utilize U.S. data to improve efficiency for marketing

- **Pass legislation to remove lowest official classification**
 - C-48 Modernization of Canada's Grain Industry Act
 - Delayed since Dec 2014;
 - Good start - doesn't fix everything
- **Industry and government collaboration**
 - Work together to find opportunities for producers and the agricultural industry

Opportunities Abound

Canadian Draw Area Analysis Suggest Potential for More U.S. and Montana Grain Movement North



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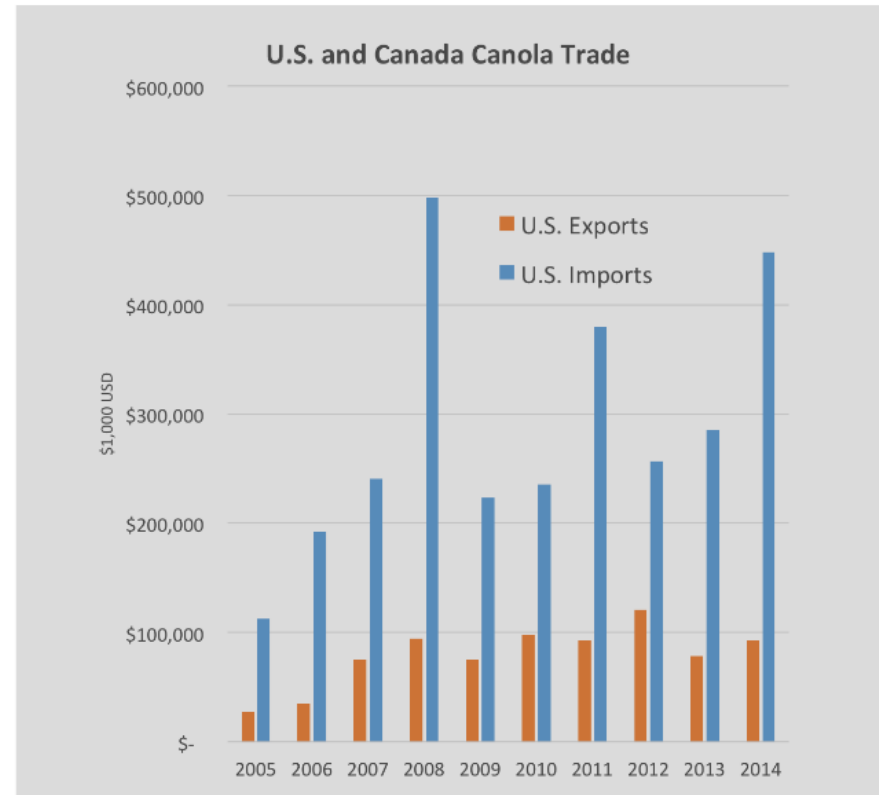
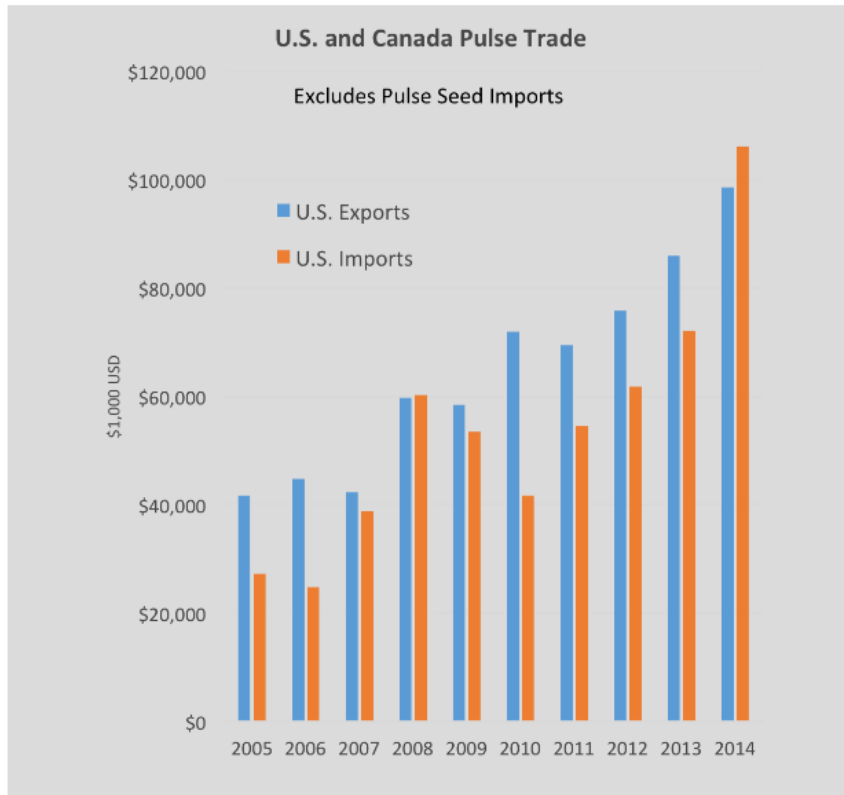
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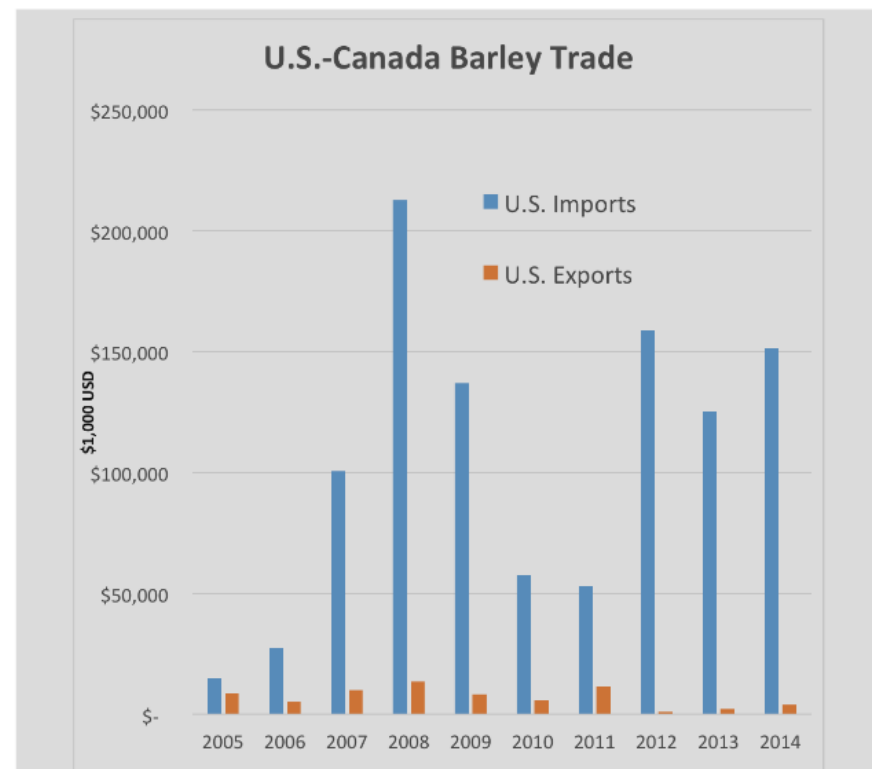
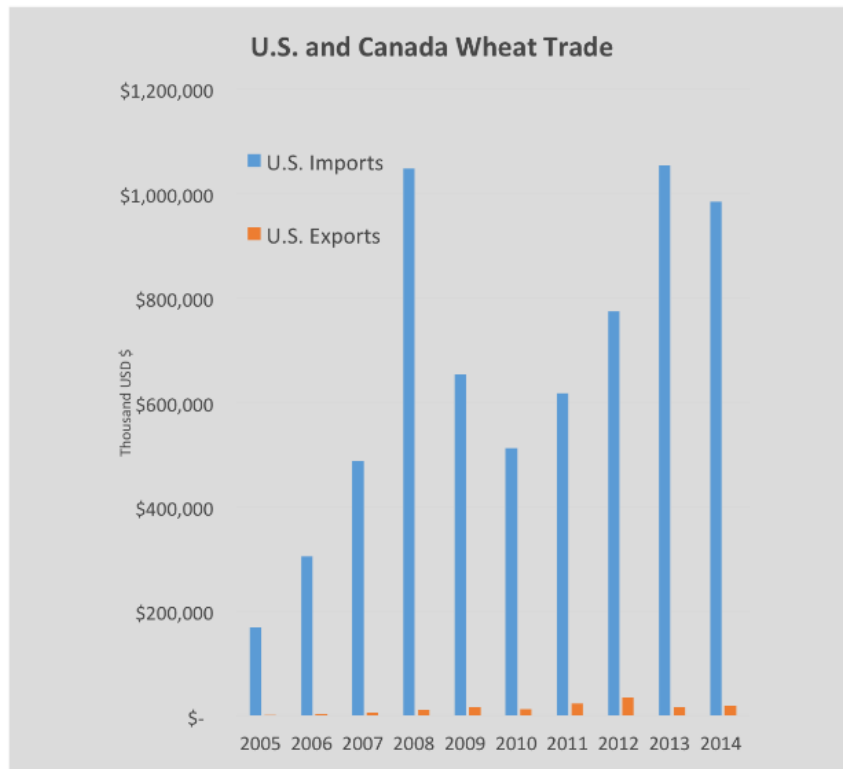
USDA Pulse and Canola Data



U.S. International Trade Commission Interactive Trade DataWeb (USITC DataWeb), Bureau of Census Data Collection

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Canadian Wheat Exports to US top 3.4mil mt

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- Pulses - Trade moves both directions
 - Estimated 80% of U.S. pulses move by truck & 20% by rail
 - Fairly balanced trade
- Canola – Can move more easily cross border
 - Estimated 80% of U.S. canola moves by truck and 20% by rail
- Barley –Trade moves primarily from Canada into the U.S.
- Wheat –Trade moves primarily from Canada into the U.S.
 - Monopoly eliminated and open market system since August 2012

Source: Canada-US Task Group Study on Agricultural Commodity Flows from U.S. to Canada and USDA/GATS

MT Dept. of Agriculture Explains Wheat Barley Barriers

Answers lie in retired policies, phytosanitary restrictions, and grading

Wheat – Canadian Wheat Board Policy Pre-2012

- Mandate to handle only Canadian wheat and barley
- No mandate/incentive to handle U.S. origin wheat and barley

Phytosanitary Requirements

- U.S. relatively unrestrictive phytosanitary requirement for grains
- Canada wheat, barley or pulses enters U.S. without phyto or import permit; only a border inspection
- Canada has strict phytosanitary requirements for wheat and barley
- Wheat and barley – phyto certs, import permits, certificates of origin and/or border inspections

Grain Grading

- Must be grown in Canada for official statutory grade
- Varietal registration links to classes and official grades

Ag Department Presents Border Crossing Guide

For Some, Trade is Harder than it Might Seem

Item	Wheat or Barley to the U.S.	Wheat or Barley to Canada	Pulse to the U.S.	Pulse to Canada
Phytosanitary Requirements	None – Border Inspection Only	Phyto Cert w/ additional declarations and/or testing; Import Permit and Cert of Origin (ND/MT ¹); Border Inspection	None – Border Inspection Only	Import permit if for cleaning; Border inspection only for human consumption and third country export
Varietal Registration and Declaration	No, unless for specific marketing purposes	Foreign Grain; VR required to receive an official grade above lowest designation ²	No, unless for specific marketing purposes	Foreign Grain; VR required to receive an official grade above lowest designation ²
Official Grades	Yes, but not required	Lowest grade if not grown in Canada or a registered variety	Yes, but not required	Lowest grade if not grown in Canada or a registered variety
Specification Trade	Yes	Allowed	Yes	Allowed
Commingling	Allowed	Must state foreign	Allowed	Must state foreign
Import Taxes	0%	0%	0%	0%

¹Certain states do not require a phyto, not all MT counties included in Pilot Program (D-05-02)

² Foreign grain classification takes precedent; any variety not registered also receives lowest designation

Item	Grain Delivered to U.S.	Grain Delivered to Canada
Contracting to Ship Out-of-State	Typical Contracts	Typical Contracts
Identification Required	Driver's License, Passport or FAST Identity Card	Driver's License, Passport or FAST Identity Card
Customs Documents	Customs paperwork including pre-identification number	Customs paperwork, customs paperwork and pre-arrival review system barcode stickers, must be in systems at least 1 hour in advance
Inspection	US and US Dept of Agriculture registration, Need US DOT registration, International Registration, Alaska and Canada/Alaska Code, Valid insurance documents, Cannot burn purple 20+ m. or be closer to base road except in some regulations	US and US Dept of Agriculture registration and stickers, Need US DOT registration, International Registration Plan, Current use required to control disease, Follow road use and regulations
Other	Drug and Alcohol Testing	Criminal record may require pardon/waiver



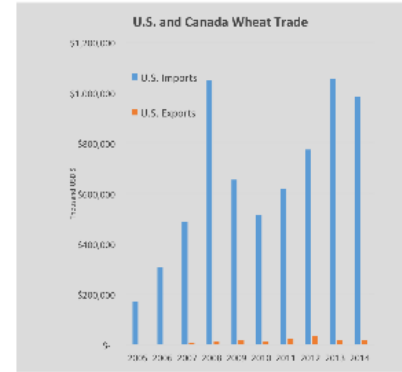


• Border Inspection

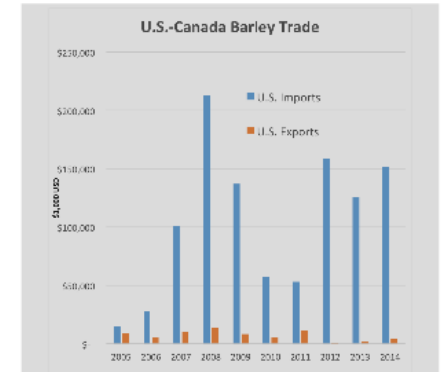
- Border Inspection
- Phyto Cert
- Grain Declared Foreign
- Graded at lowest grade if not a Registered Variety
- Import Permit
- Certificate of Origin

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Opportunities for Trade



Opportunities Aboard

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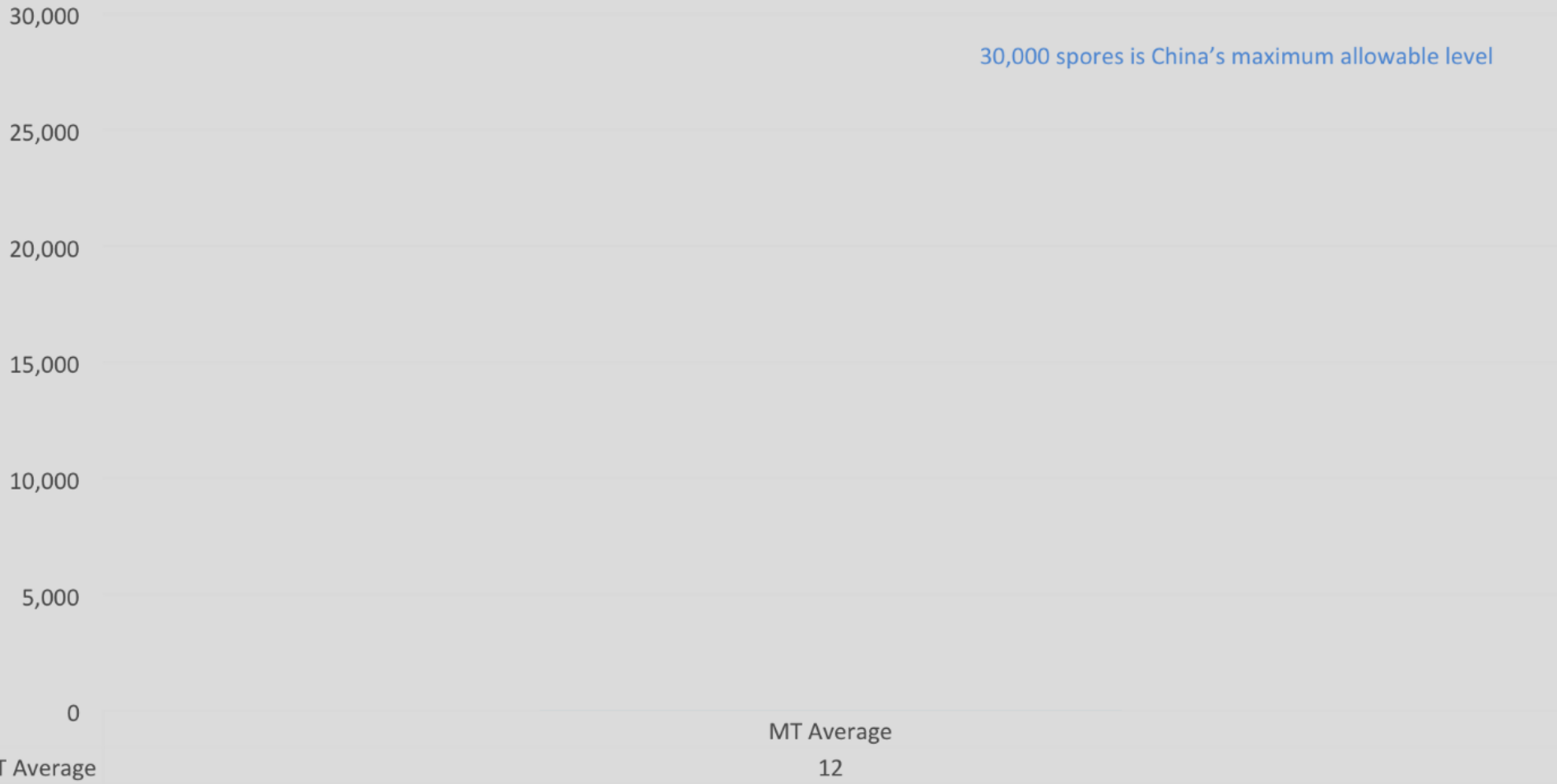
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Dwarf Bunt - Average Spore Count 139 Montana Wheat Harvest Samples



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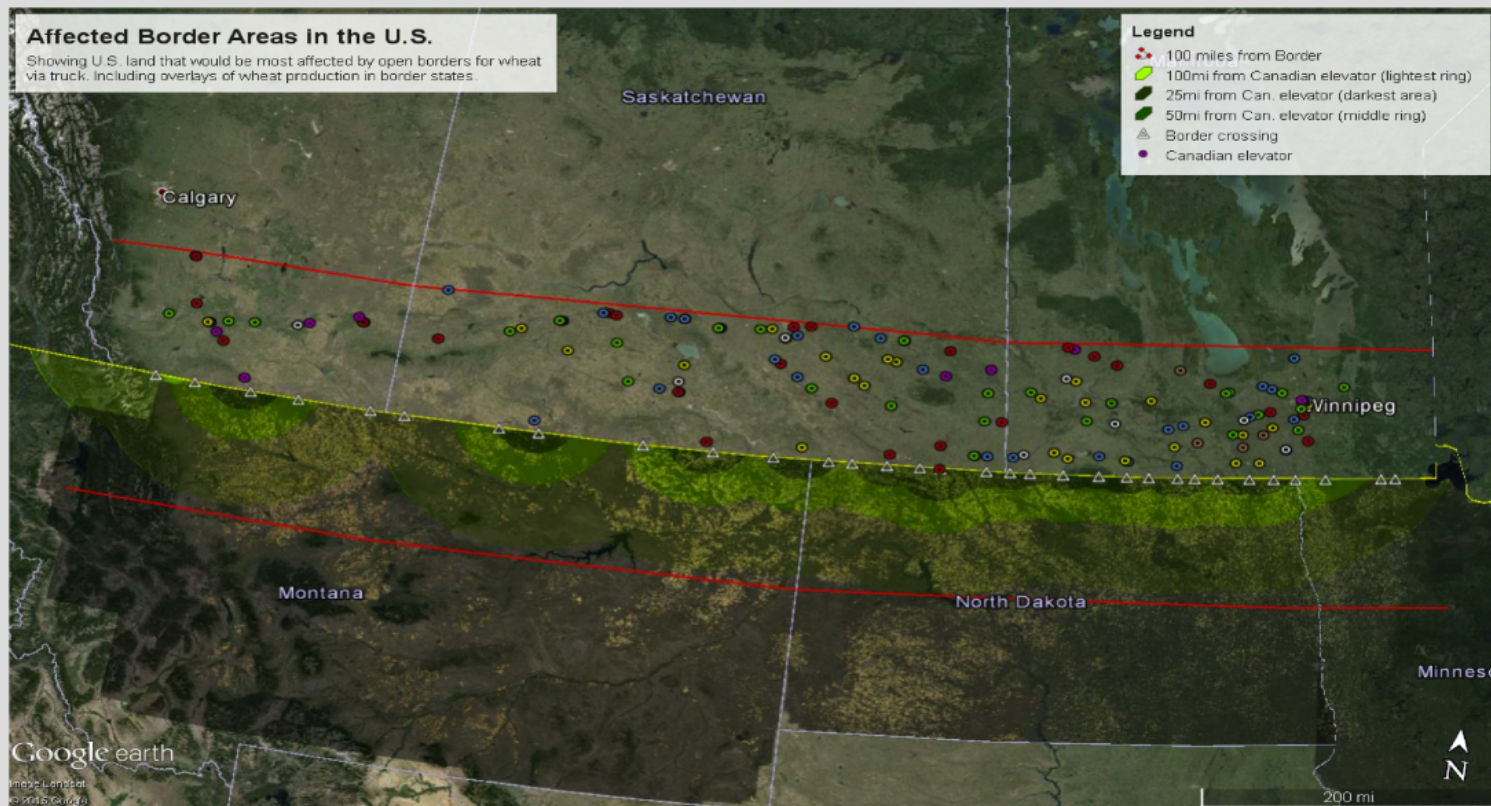
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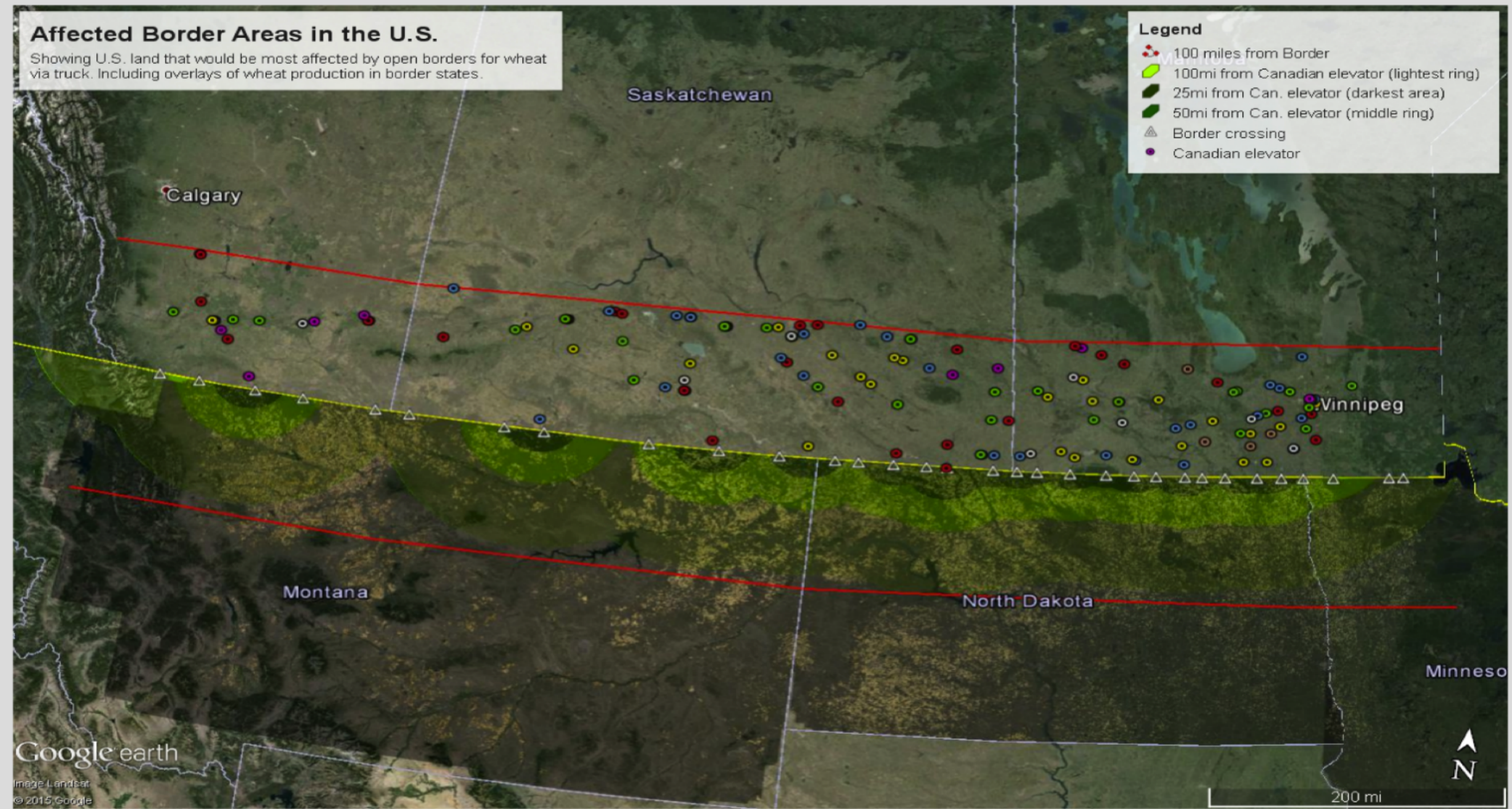
Core U.S. and Montana Grain Movement North

Affected Border Areas in the U.S.

Showing U.S. land that would be most affected by open borders for wheat via truck. Including overlays of wheat production in border states.

Legend

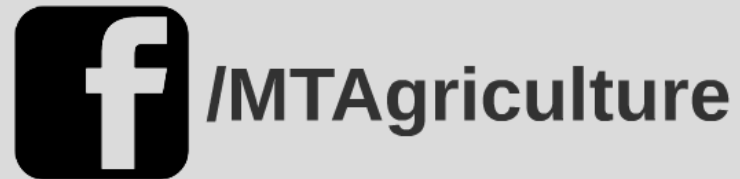
- 100 miles from Border
- 100mi from Canadian elevator (lightest ring)
- 25mi from Can. elevator (darkest area)
- 50mi from Can. elevator (middle ring)
- Border crossing
- Canadian elevator



Google earth
Image Landsat
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