

Fostering Innovation
Contributing to a Regulatory System that Promotes and Enables Investment
Variety Registration
November, 2013

Introduction

The innovation pipeline is filling quickly with promise of increased productivity and competitiveness for farmers around the world. Canadian farmers will only have access to innovation if the regulatory and policy environment facilitates investment.

The Canadian Seed Trade Association (CSTA) brings together 130 member companies, united in support of CSTA's mission, which is to: Foster Seed Industry Innovation and Trade. Our Association's objective is to capture opportunities and deliver success to our members and to their farmer customers.

Almost every week, there is an announcement of a significant achievement in plant breeding and research by public and private sector researchers. The impacts are already substantial. According to Science Daily: "there has been a step-change in speed and cost-effectiveness. What previously took six generations to achieve can now be done in two." The innovation pipeline is filling quickly with promise that farmers will increase productivity, improve competitiveness to satisfy growing and changing markets, and at the same time reduce agriculture's impact on the environment

Most of the advances will be delivered seed in the form of new crop varieties, but the question is: "Will Canadian farmers have access to these advances in a timely manner?" The answer is: "Only if Canada's policy and regulatory environment facilitates investment."

The link between Variety Registration and Investment

A clear connection can be made between the level of private sector investment and the variety registration system.

As government increasingly looks to an expanded role for the private sector to deliver new, more beneficial varieties to farmers, CSTA's members are ready to step up. The private sector has demonstrated that where it can generate a return, it invests. In 2012 private seed companies invested more than \$109 million in plant breeding, research and variety development in Canada. That's an increase of more than 90% from 2007. However, more than 83% of that investment will be in only three crop kinds: canola, corn and soybeans.

A clear connection can be made between the level of private sector investment and the variety registration system.

Where seed innovators are not subjected to variety registration, the level of private sector investment and development of new varieties is high. Corn is not included in the variety registration system. The evaluation of varieties is done by industry, and industry maintains a comprehensive data base of corn hybrids that are commercialized in Canada. Private sector investment to develop new corn varieties amounted to \$4.60 per acre planted to corn in 2012.

Where seed innovators are not subject to variety registration, or where the system has adapted to meet the needs of the value chain, private sector investment is at its highest.

Where the system for recommending varieties for registration has had a strong connection to the value chain, new variety development is increasing and investment is strong. A good example is canola, where the Western Canada Canola, Rapeseed Recommending Committee has worked with the Canola Council of Canada to assess and anticipate changes in market and industry needs, and has worked within its mandate to accommodate, resulting in the commercialization of new varieties in as little as a year from entry to the variety registration system. Private sector investment to develop new

corn varieties amounted to \$2.94 per acre planted to canola in 2012.

Similarly, a strong connection to the value chain drives innovation in soybeans, as does the fact that most soybean innovators are also corn innovators. That has resulted in variety registration recommending committees that are somewhat more flexible and forward looking. Private sector investment to develop new soybean varieties amounted to \$2.31 per acre planted to soybeans in 2012.

Conversely, where recommending committees have grown cumbersome and less willing to adapt by moving away from procedures and policies that were established decades ago, private sector investment is substantially lower. A good example can be found for western wheat, where private sector investment to develop new wheat varieties was only \$0.26 per acre in 2012.

The Path Forward

The ability to really grow the private sector's role as is envisioned by government requires a modern, flexible and responsive regulatory environment that fosters innovation and attracts both domestic and international investment.

CSTA submits that there is not likely a "one size fits all" model for variety registration in Canada. The system will need to be flexible, to accommodate the needs of the value chains for different crop kinds

CSTA's Proposal for Variety Registration

We believe that our proposal creates the flexibility that will be required, while creating a more nimble, transparent and predictable system

The seed industry delivers on its commitments. Private sector investment in plant breeding, research and variety development continues to increase. However the ability to really grow the private sector's role as is envisioned by government, requires a modern, flexible and responsive regulatory environment that fosters innovation and attract both domestic and international investment.

CSTA recognizes that relatively recently, the government has taken some steps to modernize the system of variety registration including:

- The removal of Kernel Visual Distinguishability as a requirement for registration of western wheat in 2008.
- In an effort to create a more flexible registration system, creating a three-part system with varying requirements for registration in 2009.
- Proposed regulations to move forage crops to Part three of the system in 2012

While these measures are welcome, they are not sufficient to create the flexibility, transparency and predictability that is required to ensure timely delivery of new varieties of most crops to Canadian farmers. We appreciate that the government recognized this with the August launch of consultations on broader measures.

CSTA's membership is very diverse. As are the customers that our members serve. We submit that there is not likely a "one size fits all" model for variety registration in Canada. The system will need to be flexible, to accommodate the needs of the value chains for different crop kinds.

CSTA spent a great deal of time and effort to consult both with its own members, and with their customers as it developed its policy on variety registration in Canada. We believe that our proposal creates the flexibility that will be required, while creating a more nimble, transparent and predictable system

CSTA supports a variety registration system that incorporates the following:

1. Current exemptions from registration must be maintained. This includes corn, non-oilseed soybeans, chickpeas, vegetable and ornamental crops, turf-grass species and emerging industrial crops

2. The ability to exempt crop species, types and kinds from registration (remove them from Schedule III) must be maintained.
 - As a first priority, oilseed type soybeans should be removed from Schedule III exempting them from registration, in order to ensure that Canadian soybean producers have access to new varieties on the same timeline as their competitors in the United States.
3. CSTA supports that all crop species, kinds and types should be placed in Part 3 of Schedule III of the *Seeds Regulations*, maintaining government oversight but removing merit requirements and the need for a recommendation from a recognized recommending committee.

However, recognizing that value chains for different crop kinds have different and specific needs, CSTA supports that if the value chain (variety development, production, processing, marketing and trade) for the specific crop provides the rationale and demonstrates value chain support, that crop species, kind, type or class may remain in Part 1 or Part 2.

 - Should crop species, kinds or types either remain in Part 1 or Part 2, or move back to Part 1 or Part 2, new operating procedures for making a recommendation for registration must be developed to ensure that the system is efficient, flexible and predictable
 - CSTA supports if crops are to remain in Part 1, yield and agronomics should not be included in the definition of merit. Candidates should be assessed for disease and/or quality only.
 - Provision of information for farmer decision making is important. However the collection of information for variety registration is separate from the provision of information to farmers and should not be a reason for a crop to stay in Part 1 or 2.
4. To ensure that the system is nimble and able to respond to the needs of the market, the movement of crop kinds, species and types between parts of Schedule 3 should be by administrative decision, not a regulatory change. CSTA requests that Schedule III be moved out of the seed regulations.
5. CSTA recognizes that some crop value chains operate performance trials. It must be noted that these trials are not, and should not, be linked to variety registration.
6. Contract registration should be streamlined; must not act as a deterrent to value chain systems; and must not impose additional costs on the seed sector.

Conclusion

CSTA believes that it has found the best option for the future of variety registration. It maintains government oversight of the system and allows flexibility for the value change. It also creates the predictability and efficiency that is required to foster investment and innovation: to enhance the competitiveness of our farmers; to bring choices to customers; and to bring value to the Canadian agri-food sector and to the economy of Canada.