

MGGA
SPECIALTY CROP
CONTRACTING AND
MARKETING

1/26/01 InterMountain Canola,
Cargill 1

Introduction

- This presentation is to look at various canola contracting options, view differences between Canadian and US, and explain advantages and disadvantages from commodity canola.
- PRESENTED BY:
 - James(Jim) Maxwell,
 - US Production Manager for Specialty Oilseed Crops

1/26/01 InterMountain Canola,
Cargill 2

Topics of Discussion

- 1. Companies offering canola contracts.
- 2. Main differences in the contracts, quantity, quality, dockage, pricing, premiums, delivery, etc.
- 3. Advantages/Disadvantages
- 4. Tips on things that producers should watch for.
- 5. Variety selection.
- 6. Agronomic needs.
- 7. Commodity marketing vs contract.
- 8. Outlook for canola as a crop.

1/26/01 InterMountain Canola,
Cargill 3

Topic One

- The following companies offer canola contracts:
- InterMountain Canola, Cargill(IMC)
- JRI(Canbra)
- AgriCore/Dow
- Canamera
- JRI, AgriCore, and Canamera are all Canadian companies. IMC is US based.
- The contracts reflect the differences in the canola industry with canola being a very mature, large commodity crop in Canada, while it is still relatively small and early on the learning curve in the US.

1/26/01 InterMountain Canola,
Cargill 4

Topic Two

- Canadian company's contracts differ from IMC in several ways.
- 1. QUANTITY. Tonnes vs acres.
- 2. QUALITY. Canadian Grain Commission vs internal standards.
- 3. PRICING. Cash vs futures.
- 4. PREMIUMS. Canadians based on delivery periods. IMC sets based on variety performance and market demand.
- 5. DELIVERY. Canadian companies offer the grower a selection of delivery periods.

1/26/01 InterMountain Canola,
Cargill 5

Topic Three

- ADVANTAGES
- Canadian contracts usually offer more delivery options.
- IMC premiums and prices are generally higher.
- Canadian quality measures are more restrictive.
- IMC offers Act of God.
- IMC specialty varieties yield highest of specialties.
- IMC has Roundup Ready specialty varieties.
- IMC agronomy support.
- IMC offers cash advance.

1/26/01 InterMountain Canola,
Cargill 6

Topic Four

- TIPS ON THINGS THAT PRODUCERS SHOULD WATCH FOR.
- If this is a new crop for you, try it on smaller acreage first regardless of how attractive the contract is. There is a learning curve.
- Know your field history.
- Deal with someone who knows the crop.
- Make your canola decision based on all factors which will affect your net income per acre.

1/26/01 InterMountain Canola, Cargill 7

Topic Five

VARIETY SELECTION

- Napus vs rapa, hybrid or OP, RR or conventional.
- Most contract programs do not give the grower the opportunity of variety selection, therefore the contracting company chooses the area where they feel their variety will perform well.

1/26/01 InterMountain Canola, Cargill 8

Topic Six

- AGRONOMY NEEDS
- Generally speaking, anyone who can grow spring barley, can grow canola.
- Field Selection.
- Firm seed bed and shallow planting.
- Herbicides.
- Insecticides.
- Swathing.
- Combining.
- Storage.

1/26/01 InterMountain Canola, Cargill 9

Topic Seven

- **COMMODITY MARKETING VS CONTRACT**
- Commodity marketing, grower selects: Price, basis, delivery time.
- Contracting usually fixes all or many of the marketing feature, plus additional features such as storage, premiums, agronomy support, etc.
- Supporting information and examples
- How it relates to your audience

1/26/01 InterMountain Canola,
Cargill 10

Topic Eight

- Outlook for Canola as a Crop.
- Healthiest oil along with olive oil.
- Specialty features will improve market potential.
- Currently tracks soy oil.

1/26/01 InterMountain Canola,
Cargill 11
