

***Sask Wheat Calls for Reversal of CGC Decision
to
Harmonize Wheat Primary and Export Standards on August 1, 2023***

The Canadian Grain Commission (CGC) recently announced that longstanding separate primary and export standards for test weight and total foreign material will be aligned/harmonized at the export tolerances for most Western Canadian wheat classes and grades, effective August 1, 2023. Currently, these test weight minimums are lower and total foreign material maximums are higher at the primary elevator than for export shipments. Sask Wheat opposes the CGC's decision and calls on the CGC Commissioners to reverse it.

The changes were announced in a June 8, 2023 letter addressed to wheat industry stakeholders from CGC Chief Commissioner Doug Chorney ([found here](#)), followed by a news release on June 13, 2023 ([found here](#)). Both changes will occur for Canada Western Red Spring (CWRS), Canada Western Hard White Spring (CWHWS), Canada Western Extra Strong (CWES), Canada Western Soft White Spring (CWSWS), and Canada Northern Hard Red (CNHR). For Canada Western Amber Durum (CWAD), only total foreign material tolerances will be harmonized for the upcoming crop year but the CGC has indicated its goal is to have a single standard for all grading factors.

The CGC has provided no evidence that tightening primary tolerances to export tolerances is necessary to maintain export quality, nor has it shown how this change will support or is neutral to its mandate to act in the interests of grain producers. Sections 24(2) and 24(4) of the Canada Grain Act support the maintenance of separate primary and export standards ([found here](#)). Primary representative samples for each grade are to represent as accurately as possible the **minimum** of that grade while export representative samples are to represent as accurately as possible the **average** of that grade. This recognizes that blending and cleaning throughout the grain handling system naturally and economically improve grain quality from the primary delivery point and on. Grain handling companies benefit from harmonization of differing primary tolerances at export tolerances by being able to purchase some grain at lower grades, then through the process of blending and cleaning, they are able to include that grain in higher grade and value shipments.

Costs of harmonization at export tolerances will be largely, perhaps solely, borne by producers. Sask Wheat has repeatedly asked the CGC to incorporate economic analysis into its decision-making process, so that potential economic impacts, especially economic impacts on producers, can be identified and understood prior to all decisions, including this decision on harmonization. The CGC has consistently refused to undertake such analysis and, instead, has suggested that commodity and producer groups use their own resources to do so. Even though Sask Wheat believes that this work is the CGC's responsibility, Sask Wheat commissioned a preliminary study, released prior to the April 2023 Western Standards Committee (WSC) meeting, that provides a framework for further evaluation of the economic and marketing impacts of harmonization of differing primary and export tolerances ([found here](#)). The study concluded that raising differing primary standards to export standards will result in reduced producer revenue with very little if any off-setting gains, in the absence of a broader examination of how Canada wants to position itself in world markets. The CGC provided no comment on this study prior to making its decision on harmonization.

The focus of harmonization discussions has been test weight. The CGC has repeatedly expressed its belief in the need to move the primary test weight tolerances to export tolerances based on the CGC's Grain Research Lab tests that show higher test weight indicates higher quality grain across a number of characteristics important to millers and bakers. Sask Wheat does not dispute this science. However, the CGC's appeal to "follow the science" - the research carried out by the GRL - while not misplaced, is not sufficient. Production, handling, and marketing grain are essentially economic activities. Economic and marketing research is fundamental to placing the physical science in the context of real-world impacts, especially how costs and benefits are distributed among the various components of the grain value chain. To date, the only evidence of this that the CGC has provided indicates that there will be, as expected, increased downgrading of wheat at the primary elevator if test weight harmonization at the export tolerance goes ahead ([found here](#)). The CGC's export cargo monitoring data shows that average test weight on export cargoes well exceeds the export tolerances with the current system of differing primary and export tolerances ([found here](#)).

The CGC's communications announcing the harmonization decision refer to consultation with sector stakeholders through its Standards Committees and careful consideration of Western Standards Committee (WSC) recommendations prior to making its decision. While it is correct that the CGC consulted with the WSC on harmonization, it is also correct that the CGC has frequently, over the course of these consultations, asserted its intention to achieve this harmonization, most recently in the Chief Commissioner's letter which states "... our goal remains to have a single standard for all grading factors ...". Consultation is not meaningful if the conclusion is already decided.

The grain handling industry supports harmonization at export tolerances. However, strong opposition to harmonization has been consistently and explicitly expressed at both the WSC and the WSC's Wheat Sub-Committee (now Wheat Advisory Committee) over the last several years by producer members who represent the vast majority of Western Canadian wheat producers, acres and production. These have been the only avenues where the CGC has chosen to engage with producers on this issue. The final motion that was carried on the issue at the most recent WSC meeting (April 4, 2023) recommended that the alignment of primary and export test weight minimums and total foreign material tolerances at export levels be postponed until a comprehensive economic analysis is performed and the results are considered by the Western Standards Committee. The CGC's only concession to this recommendation in its June announcement to industry stakeholders, and only in reference to durum test weight, is that "Western Standards Committee members and other stakeholders are invited to present the Wheat Advisory Committee and Western Standards Committee with any additional relevant information, including their own analysis by February 1, 2024."

Sask Wheat calls on the CGC Commissioners to reverse the decision to proceed on harmonization of test weight and total foreign material at export standards this coming crop year and not proceed until the CGC has undertaken and completed economic analysis that supports such a change from the perspective of its mandate in Section 13 of the *Canada Grain Act* to "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets ([found here](#))." Given this mandate, the grading system and any changes to it **must** provide demonstrated value to producers.

Material below from the *Canada Grain Act* provided for reference:

13 Subject to this Act and any directions to the Commission issued from time to time under this Act by the Governor in Council or the Minister, the Commission shall, in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.

24 (1) When representative samples of grain have been prepared pursuant to section 23 and such reports on the milling, baking and other qualities of the samples as the Commission deems necessary have been obtained, the Commission shall convene a meeting of each grain standards committee.

(2) A grain standards committee shall examine the samples of grain supplied to the committee by the Commission and

(a) select and recommend to the Commission samples of each grade of grain for which a representative sample was prepared pursuant to paragraph 23(a) that in the opinion of such committee represent as accurately as possible the minimum of that grade;

(b) recommend to the Commission names and specifications for other grades of grain that, in the opinion of the committee, should be established for the current crop year; and

(c) select and recommend to the Commission samples of each grade of grain recommended pursuant to paragraph (b) that, in the opinion of the committee, represent as accurately as possible the minimum of that grade.

(4) The Western Standards Committee shall, in respect of

(a) each grade of western red spring wheat and western amber durum wheat that, in the opinion of the Commission, is likely to be sold for export, and

(b) any other grade of western grain that the Commission refers to it for consideration,

examine the samples of grain of that grade supplied to the Committee by the Commission and select and recommend to the Commission samples of the grade that, in the opinion of the Committee, represent as accurately as possible the average of grain of that grade received at any or all elevators at any or all inspection points.