



What Will I Be Farming in 2010?

Greg Porozni

Farming in the next 10 years will be both challenging and hopefully rewarding, but in order to be successful we as farm managers must be flexible with management strategies and able to react to market signals in order to be profitable and sustainable. I am going to discuss five areas which I think will be very important not only today, but also in the not so distant future. They are: risk management, biotechnology, identity preserved (IP) production, food safety trace-back protocols, and attracting young farmers into agriculture.

1. Risk management will continue to be critical in order to operate a profitable business. Profit margins will remain tight, which will put more pressure on farm managers to become larger in size therefore in one way spreading out risk, but on the other hand increasing the need for higher capital to purchase larger equipment and crop inputs for a larger land base.

The new CAISP program along with crop insurance will help to manage some of the risk. But a good working relationship with our bankers will become more and more important.

Another way to minimize risk is to hedge commodities with options or futures with a broker. I think more producers will need not only to understand how this works, but also to actually set up an account and actively trade wheat, barley, canola, cattle and hogs to reduce being totally exposed to the marketplace.

2. Biotechnology is another key area with rapid expansion especially in canola. Most of the farmers here today I am sure have tried growing a specialty canola from either IMC-Cargill or Nexera-Dow AgroSciences in the last few years. That trend of specialty canola with a grower production contract with a specific end use will continue to expand, because of so many exciting new alternate end uses for canola. This is in my opinion the #1 commodity that will keep us profitable and sustainable.

The end uses keep growing and growing with the spectrum expanding to include industrial and consumer benefits. For example: biodegradable high strength plastics and non-hydrogenated healthy oils that will reduce the risk of heart attacks.

We all know that wheat will be the next biotech crop to be registered. I think there will be a fit for RRW wheat in the future when an agronomic trait to be resistant to for example wheat midge or Fusarium is developed. On the consumer side, a healthy nutritional trait could be introduced to aid in lower health costs and a safer lifestyle.

We must respect the consumer and produce what they are willing to buy. However, we must also encourage research in biotechnology, because it will give us the niche especially in Canada to remain competitive with the rest of the world. We cannot compete with the high subsidies of the EU and the US and the low cost exporting countries like Brazil and Ukraine.

3. Identity preserved or IP production will also continue to grow; however I think at a more rapid pace in the future. In five years all our canola production will probably be under an IP contract with all production going to a specific end user with a premium and delivery time frame. This will also increase with other commodities like wheat and malt barley. Malt barley has this in place already, but I think this will expand once we have marketing choice where we can do contract production with malt plants in both Canada and the U.S.
4. Food safety and trace-back to our own farms will become a necessity in the future. The BSE issue has brought this to light in a big way and crop production will be no different. Record keeping will not be an option, but I think especially in IP production will become mandatory. The consumer will want the ability to trace the product they are purchasing all the way back to the farm. This will come at a higher cost and the consumer must be willing to pay for this service.



FarmTech 2004

Global Perspectives... Local Knowledge

Proceedings

5. Only 3% of Canada's population is farming and that statistic will continue to decline. It is becoming difficult to attract young people to farm, because of high paying jobs elsewhere. Also, young farmers face the high capital and high risk associated with farming combined with low returns. In order to attract young people changes must be brought about such as providing capital gains roll over exemptions; establishing community bonds for agriculture; and forming co-ops to pool resources and equipment.

The future in farming will be exciting and in order to be profitable we will have to become diverse in our management capabilities. We will become larger therefore having employees and will rely on outside expertise to manage risk, crop production, animal nutrition and other key production areas to remain sustainable. Our farms are going to have to be unique from one another growing different crops or commodities with a end use IP contract with value chains from the field to the fork with premiums attached based on performance.

The bottom line is in my opinion, farm managers must be willing to be flexible, adaptable, have higher education, and able to take even more risk to be profitable in the future. The bar is continuously being raised, because of the competitiveness globally today and we will meet the challenge presented.