

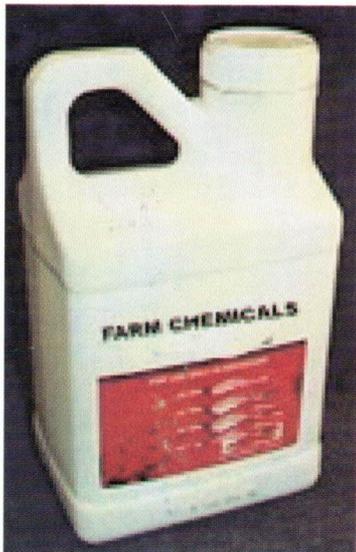
AG

FARMERS OF NORTH AMERICA

REPORTWINTER
2001

1000 - 201 21st Street East, Saskatoon, SK, S7K 0B8 Telephone: (306) 665-2294 Facsimile: (306) 665-2099 Email: admin@fna.ca URL: www.fna.ca

GET READY FOR A 30% DROP IN THE COST OF AGROCHEMICALS



FNA is making a huge difference to the cost of agrochemicals in Canada. Not only because it is forming joint ventures with existing Agrochemical manufacturers to reduce chemical costs through increased competition, but also because the existing manufacturers are concerned about losing their market share. This is very evident as they are already significantly reducing prices. This is a

clear sign that the market power that you now have as a member of FNA is starting to create change. It is estimated that FNA will indirectly save Canadian farmers tens of millions of dollars in glyphosate alone this coming season with huge deals already being offered by Monsanto, Dow Agro and Cheminova to many of the larger farming operations. We expect, and hope, that the others will follow suit.

FNA will be looking at registering over 20 crop protection products over the next few years which are identical to some of the "off patent" products you are already using. We will accept no less than a 30% reduction in current retail prices as a benchmark price reduction goal. We have researched other marketplaces that have already combatted the high cost of agrochemicals and are following their example. The change will happen in Canada and it will only take a few short years before it is achieved.

FNA has some crop protection products currently going through the registration process with PMRA and soon with the EPA in the U.S. It is a long-term solution that FNA is creating and we are swiftly being recognized through all sectors of the industry.

It is amazing to see that the same companies that refused to sell to FNA last season are offering prices lower than our \$6 per litre target price to many of their clients. We once dismissed bad management decisions as a reason why they

didn't supply last season but perhaps our dismissal was a little to hasty. They are now losing margin in an attempt to secure a hold on their customers. We wonder what explanations they are telling their shareholders now?

For those of you that have been following the FNA registration of Glyphosate: The registration process is in the hands of the PMRA and we have no control over how quickly the process will take. As time is against us to have the product available for this spring we have taken further steps to insure that FNA members have access to the best possible prices on all agrochemicals for 2001.

FNA Puts On A Show During Crop Production Week

FNA held its first formal member event on Tuesday January 9 at the Delta Bessborough Hotel in Saskatoon. The event was not only open to FNA members but also to anyone interested in the state of agriculture in Canada. Expecting 200 people, we were elated to see that almost 400 people attended filling the Adam Ballroom to capacity.

The keynote speaker was Dr. Andy Schmitz from the University of Florida who spoke on U.S. Farm Policy, U.S. & European farm subsidies, and the effects they are having on Canadian farmers. There were mixed feelings from the audience with Dr. Schmitz' "Stop whining and start planning" attitude to the farm crisis but one thing was unanimous ... everyone thought it was very entertaining and that he made you stop and think.

A panel discussion, mediated by Farmgate's Bob Simpson, was formulated for the end of the event with invited guests Dr. Red Williams from the University of Saskatchewan and S.A.C.I. (Saskatchewan Agrivision Corporation Inc.), Ed Konotopsky from the United Pharmacists of Saskatchewan, and FNA's own Member Services Manager, Brent Bushell. The discussion that



followed proved not only to be informative and very entertaining but also humorous as a light banter developed between Dr. Williams and Dr. Schmitz, one of his ex-pupils from an age ago.

We received a lot of great comments after the meeting and we are looking forward to planning another one. Some of the members suggested that they would like to have some meetings that were for members only that would give them a chance to ask FNA specific questions in an open forum format. We think this would be a good idea too and would like to hear from any interested members as to where we could hold our first one.

We would like to thank all those members who were able to make it to the event, some from a long ways away, as the show of support was fantastic and sent a very clear message to those individuals and companies that are monitoring FNA very closely.

Soaring Nitrogen Prices Reinforce Value of Soil Testing



Sharp increases in nitrogen fertilizer prices have some growers looking for alternatives to their annual fertilizer regimes, but soil scientists urge caution when producers decide if they can afford to apply the same level of fertilizers used in the past.

Ray Lamond, Soil Fertility Specialist, states, "The bottom line is that unless nitrogen has been over-applied in past years, significant deviation from normal optimum nitrogen application rates doesn't make economic sense."

For example, if the crop were selling for \$1.50/bu, nitrogen fertilizer prices would have to be more than 45cents/lb before it would make sense to reduce nitrogen rates to 60lbs/ac from 120lbs/ac.

Due to the sharp jump in natural gas prices over the past year and reduced supplies due to plant shutdowns, the price of nitrogen fertilizer is about double what it was a year ago. Natural gas is a key ingredient in the production of anhydrous ammonia, urea and other types of nitrogen fertilizer.

Now is not the time to cut corners on fertilizer applications, but rather a good time to use soil testing. Soil testing can detect residual nitrogen, as a result a more accurate amount of fertilizer can be applied and waste avoided. It is also important to remember that nitrogen recommendations are based on yield goals; producers should use realistic values that reflect the productive potential of a given field.

Source: Kansas State University Web Publications

Maximizing Your 2001 Nitrogen Dollars

Natural gas is used as both a source of energy and of the hydrogen, which combines with nitrogen from the air to form ammonia (NH₃) in the production of anhydrous ammonia. Each ton of ammonia requires about 33.5 MMBtu of natural gas for the hydrogen source, plus additional energy for the manufacturing, storing, and shipping processes. At \$8.00 per MMBtu of gas, the raw product cost of ammonia would be \$270/ton. The total price could reach well over \$400/ton for this spring. Since all other nitrogen fertilizers (urea, urea-ammonium nitrate solutions, and ammonium nitrate) are produced from ammonia, the expected price for these products will rise as well.

Another concern will be potential spot shortages of nitrogen fertilizers. At the end of 2000, over one-third of the potential ammonia production capacity was idle because of high natural gas prices, and other plants that ran at less than full capacity. The shortfall will be made up, at least in part, by imports from overseas where the price of natural gas has not risen as significantly.

Here are some suggestions to optimize your available nitrogen resources:

1. Use alternative sources of nitrogen: livestock manure, your own or a neighbour's, sewage sludge from the local municipality.
2. By-product fertilizers, such as urea or ammonium sulfate solutions, which may be available from industry.
3. Incorporate alfalfa or legumes into your crop rotation to boost available nitrogen.
4. Use proven crop production practices, that is, nitrogen use efficiency will be optimized when soil pH is maintained above 6.0, and soil P and K tests are maintained at the optimum level for your soil type.

Source: R.G. Hoefl and E.D. Nafziger, Dept. of Crop Sciences, University of Illinois

Hedging Fuel for Spring

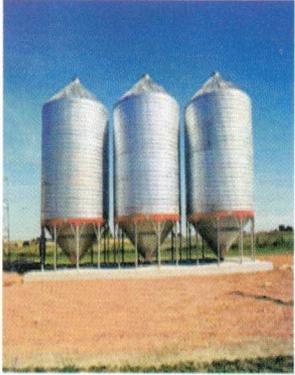
We have an opportunity for each member as an individual producer to look at locking in your price for spring delivery of fuel. We can take collective amounts and lock in fuel prices for late April to late May delivery, using the futures markets. This is comparable to locking in your commodity prices through hedging.

What this will do is allow you to verify the price you will have in the spring so you can adjust your budget and forecasts for cost of production over the year.

This decision will have to be made by each producer based on whether or not you want to hedge that risk. If you do not want to hedge we will still be able to provide prices and product for you on the spot market. If you do want to lock in fuel for the spring, give our Member Services Department a call by March 16, 2001 at 1-877-362-3276.

Good Time of Year To Look at Bin Purchases

This is a good time to look at your bin purchases for the coming year. Erection crews are easier to find, transportation is easier to arrange, and availability is better.



FNA has access to Sakundiak, Brock and Grain Vault bins. Call into the office to find out about pricing and supplier information. We also have access to steel floors through Five-Star Erecting @ 306-668-6165. Hopper cones can be purchased through Mike Bender and Sons @ 306-778-3939 and Assie Industries @ 1-800-664-6653, or Middle Lake Steel @ 306-367-4306 can manufacture them

Unbeatable Curling in Unbelievable Style

We would like to take this opportunity to congratulate Doug Harcourt, Kevin Kalthoff, Greg Harcourt and Brian Wempe for winning the 2001 Pool Tankard. Doug and Greg have been FNA



Doug Harcourt Kevin Kalthoff Greg Harcourt Brian Wempe

members now for over a year and we have been especially lucky to be able to sponsor the team.

For those of you that are curling fans and watched this event, the FNA logo was present on the left arms' of the team and has given us even more presence in different communities.

The team's next trip is to the Briar where they will be representing Saskatchewan along with the country's best.

Good Luck guys and keep that winning streak going!

Welcome to New Suppliers

GRAIN WORLD INC. *Grain Cleaning Services*

Leonard Yungwirth is offering his *mobile* grain cleaning service at a discounted rate to members in the North Central part of Saskatchewan. Leonard is a member of FNA as well and understands the strength that organized producers have. This is Leonard's way of helping out FNA members. Please call Leonard at 1-306-764-5019 for quotes and availability.

FARMWORLD *Parts & Machinery*

Farm World, located in Kinistino, SK, has been in business since 1984 and has a large service shop and inventory of parts. They carry New Holland, Bourgault, Spra-Coupe and Honeybee products. For more details on products available or preferred pricing, contact the FNA office or Marge and Dave

Cook of FarmWorld @ 306-864-3667.



ENVRON *Water Treatment*

Ozone water treatment systems have been used in Europe for over 100 years. Environ uses Ozone for removal of iron manganese organics in water. Requires no chemical inputs with measurable results. For more information, feel free to contact Al Finney @ 306-586-3353 or email envron@sk.sympatico.ca.

www.envron.com

THE WATER CLINIC *Water Treatment*

Farm and acreage water purification systems for water problems such as rust, rotten egg odor, hardness, color, bad taste, coliform bacteria, e.coli bacteria, nitrates, sidium, sulphates, minerals, etc. Servicing all of Western Canada with local representatives. Contact their head office @ 1-800-664-2561. www.thewaterclinic.com

SHURGREEN ENTERPRISES LTD.

Livestock Products, Fertilizer & Agrochemicals

Ken Time offers a wide range of animal health products, feeds, and livestock handling equipment. Ken also supplies fertilizer and agrochemicals. You can contact Ken directly for pricing and delivery options.

Warehouse address: 2310 11th St W
Saskatoon, SK
(Behind Pro Cam Auto)

Mailing address: 538 Sturgeon Drive
Saskatoon, SK
S7K 4E1

Phone: 306-382-1944

Fax: 306-249-4123

Cell Phone: 306-221-2136

FNA Is Disconnecting Prairie Mobile

FNA is cancelling all arrangements with Prairie Mobile Communications and is no longer permitting them to be a preferred supplier.

They have agreed that all members who purchased a phone or signed up on a rate plan as per the original agreement may return their phones or cancel their plan with them.

If you have any questions concerning this, please do not hesitate to contact the FNA office or to call Prairie Mobile direct and speak to Norm Tatton or Sheila Friesen with at 306-933-2667. We apologize for any inconvenience.

FNA's Telephone Woes

We would like to apologize for any inconvenience that may have been caused by our new telephone system. It has been fixed and hopefully all the bugs ironed out.

The new local number is (306) 665-2294. All other numbers are the same.

Thank you for your patience.

Upcoming Town Hall Meetings

The success of our town hall meetings has been amazing and are continuing to be scheduled until the end of March. If there is one in your area, we invite you to come out and listen to Member Services Manager, Brent Bushell. Brent will provide you with some fantastic insight to the industry, FNA's history and progress as well as future goals of FNA. We love the opportunity to meet with our members and look forward to seeing you there.

March 6	Lanigan - Legion Hall	2:00 pm
	Watrous - Legion Hall	7:00 pm
March 7	Loreburn - Senior's Center	2:00 pm
	Davidson - Community Center	7:00 pm
March 8	Kenaston - Senior's Center	2:00 pm
	Delisle - Community Hall	7:00 pm
March 15	Vegreville Legion Hall	1:00 pm
	Bonnyville -	
	Eastbourne Community Hall	7:00 pm
March 20	Gravelbourg - Town Hall	2:00 pm
	Assiniboia - Bar-B-Inn	7:00 pm
March 21	Shaunavon - Kinsmen Hall	2:00 pm
	Swift Current - Imperial 400 Motel	7:00 pm
March 22	Elrose - Legion Hall	2:00 pm
	Eston - Legion Hall	7:00 pm

Future Meetings to be Scheduled in March:

Lashburn, North Battleford, Neilburg, Turtleford, Paynton, Assiniboia, Swift Current, Shaunabon, Gravelbourg, Eston, Elrose, Nipawin, Melfort, Wakaw, Prince Albert, Wadena, Wynyard, Porcupine Plain, & Naicam.

FNA & Dundee Securities Workshops

We had another huge success in Humboldt on January 26th. Once again a meeting was held in conjunction with Jerry White, Dundee Securities, & Kevin Hagedus. The attendance was over 150 with some good comments from those members who attended.

The feeling is that Jerry is educating producers on how to make sure that you don't spend a whole life building a business to see it go to the government and taxes when you leave the business or pass away.

We urge all FNA members to take the time to come and listen to on of Jerry White's financial seminars. It is information that all producers need to know.

We will be continuing on with these workshops:

March 13	Kindersley Inn	10:30 am
March 14	Melfort North East Leisure Centre	10:30 am

Meetings that were scheduled in Camrose and Vegreville on Wednesday, February 21st have been postponed to a later date to be announced. We are looking at future meetings in locations such as Taber, Medicine Hat, Red Deer, Kindersley, Fort Qu'Appelle, Tisdale, Weyburn, Dauphin, Russell, Virden & Morden.

The FNA Spotlight

I would like to introduce some of the other people that make FNA a success. We have a team of hardworking Member Service Representatives that are building our membership base. This issue's MSR highlight is Barry Lehmann from Rosthern, Saskatchewan.



Barry has been with FNA for about a six months and services North Central Saskatchewan. Anybody that has had the opportunity to meet Barry enjoys his honesty and sincerity and he has increased our membership in this area considerably.

Barry has asked that if any of the members in his area neighbours that may be interested in FNA or have any concerns to please give him a call at 232-5052 or on his cell at 232-7774.

FNA Negotiates For Wholesale Cost Baling Twine

As a request from many members FNA has been searching for a baling twine solution for the 2001 season and has come up with a real winner.



FNA will be working at a distributor level which will give all members access to absolute wholesale cost on an extremely high quality product. Make sure you call the office to find out pricing and availability. We will be formulating a sizable order for this baling season so make sure you book in your requirements as early as possible.

FNA Teams Up With Continental General Tire

FNA has negotiated a deal with Continental General Tire and has created a fantastic deal for FNA members.

Over the next two or three weeks FNA will be setting up a single purchasing desk for all your tires needs. Vehicles, tractors, implements ... the works! This will provide all FNA members with the opportunity to purchase their tire needs and take advantage of the huge savings.

You will only be able to order through the FNA office but delivery can be via a local Continental General Tire dealer of your choice. Payment will always need to be made at time of order and we are setting up Visa and Mastercard for this purpose.

NOTE: DO NOT CONTACT DEALERS FOR PRICING. For all enquiries and pricing information call FNA at (306) 665-2294.

