

# PBR and Creating Value

Dave Carey

Executive Director, CSTA



Canadian Seed Trade Association  
L'Association canadienne du commerce des semences

## PBR in Canada: UPOV 1991

- Canada was an early 'adopter' of UPOV'91
- Canada became a signatory to UPOV'91 in 1992
- It took almost 23 year and 2 attempts to have UPOV'91 based PBR legislation passed in Parliament
- Canada deposited the instrument of UPOV'91 ratification on June 19, 2015 and became bound by the convention one month later

# Why did it take so long?

- Seed industry 'went-it-alone'
- Minority government: once a piece of legislation is defeated its harder to revive
- Significant opposition from activist groups
- Farmers' Right/Privilege viewed as a politically controversial
- Could not make a compelling case. Risk outweighed reward

# Keys to Success

- A holistic approach with industry fully understanding the topic. Industry became the experts
- Direct consultation with all members of the agriculture value chain (farmers, seed industry, seed growers, etc). Including those that did not agree with us
- Debunking misinformation & myths about PBR/UPOV'91
- Communicated positive messaging about the benefits of PBR/UPOV'91 (farmers, media, senior bureaucrats, and political decision makers)

# Keys to Success

- CSTA was very active on Parliament Hill, engaging with all political parties
- Thoughtful and meaningful engagement with bureaucrats and regulators
- CFIA asked for, and received help from, the value chain
- CSTA worked directly with the Minister of Agriculture
- CSTA recognized that PBR is bigger than just the seed industry, we needed the value chain, in particular farmer groups to be in support
- CSTA created and facilitated the 'Partners in Innovation'

# Plant Breeders' Rights



Progress Through Research  
Le progrès grâce à la recherche

The Opportunities and the Obligations  
[www.prbfacts.ca](http://www.prbfacts.ca)

# Value Creation

- Right place at the right time?
- Through an open process of the AAFC Grains Roundtable significant time has been spent working towards the development of Value Creation/Capture models for cereals
- As a result the government began consulting on potential models:
  - **Producer Facilitated Royalty Collection Model, or 'End-Point-Royalty Model'**
  - **Royalty Collection Enabled via Contract Model, or 'Trailing Contract Model'**
  - **Collective Research Model\***

## Speed of Change in Seed Innovation

- Plant breeding and seed innovation is accelerating globally and Canada must act now to remain competitive.
- Currently, it takes 8 to 12 years to bring a new wheat variety to market in Canada at a cost of \$1M\*.
- Looking ahead 10 years and beyond, we see...
  - Increasing pace of change in plant breeding technology.
  - Increased competition from other grain exporting countries.
  - Canada risks falling behind unless we increase investment and competition.

Source: Seed industry estimate 2018





**7:1**  
**ROI**  
for producers

## Accelerated Access to Better Crop Varieties

- Plant breeding is a good investment for producers.
- Producers benefit by \$7-11M for every \$1M invested in plant breeding in cereals, pulses and special crops.
- Increasing plant breeding research will also help ensure diverse crop choices to support healthy crop rotations.

Source: Groenewegen JR and SJ Thompson, "Economic Impact of Plant Breeding at the Crop Development Centre," November 2016

# Value Creation Principles

A value creation model must meet the guiding principles of the Grains Roundtable. This chart shows how each proposed model stacks up:

A new/revitalized model should\*:

|                                                                                       | SVUA | EPR | COLLECTIVE RESEARCH |
|---------------------------------------------------------------------------------------|------|-----|---------------------|
| Look to future needs as well as today's needs; be flexible                            | ✓✓✓  | ✓✓  | ✓✓                  |
| Encourage and promote competition                                                     | ✓✓✓  | ✓✓  | ✓                   |
| Ensure value is created for entire value chain; reward success                        | ✓✓✓  | ✓✓  | ✓                   |
| Ensure everyone who benefits contributes, and contribution is proportional to benefit | ✓✓✓  | ✓✓✓ | ✓                   |
| Be efficient, transparent, accountable; not leave large administrative footprint      | ✓✓✓  | ✓✓  | ✓✓                  |

✓ To some extent    ✓✓ To a moderate extent    ✓✓✓ To a great extent

# 'Made in Canada' Solution Provides Value & Choice

**SEED VARIETY  
USE AGREEMENT**

*Value. Transparency. Choice.*

## Seed Variety Use Agreement (SVUA)

An Agreement (contract) between a producer who purchases Certified seed of a *Plant Breeders' Rights* (UPOV '91)-protected variety and the breeder who developed it. A seed royalty is paid at the time of purchase and in the subsequent years that grain from those varieties is diverted for seed use.



## SEED VARIETY USE AGREEMENT

*Value. Transparency. Choice.*

- Under the proposed Seed Variety Use Agreements (SVUA) producers will pay the plant breeder a Seed Variety Use Fee (SVUF) every year on any grain they divert for seed use of that variety.
- Producers will have a choice on seed varieties they use.
  - This proposed new system will only apply to varieties protected by Plant Breeders' Rights (PBR '91).
- Producers will still have a choice (Farmer's Privilege) to use farm saved seed.\*

\* Unless prohibited by another contract, patent or stewardship agreement that may be in place for that variety.

# How SVUA Works



## Producer Purchases Seed

Producer chooses Certified seed of a *Plant Breeders' Rights* (UPOV '91)-protected variety.

Seed retailer explains SVUA/EPR; **purchaser signs agreement.**

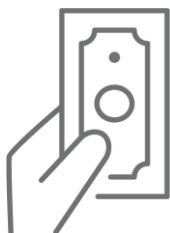
Purchase information entered in agreement platform (grower name, address, variety, Certified seed quantity).



## Producer Harvests Crop

If a producer **diverts some harvested grain for seed use** the following year...

Producer **declares amount used for seed.**



## Royalty Payment

**SVUA system sends invoice to the producer** for Seed Variety Use Fee (SVUF) for all varieties used (one invoice for all varieties used under SVUA).

**Producer pays SVUF** for use of the seed genetics for that year.



## Payment Distribution

SVUA system distributes the funds collected **to each public or private plant breeding program** based on the amount collected for their varieties.



## Compliance

Audit system will be set up to **review producer compliance**.

# How will the SVUA work?

## CROP PRODUCER

CHOOSES SEED OF  
PROTECTED VARIETY

Signs **Seed Variety Use  
Agreement** at time  
of purchase

PLANT / HARVEST

DIVERTS SOME GRAIN  
HARVESTED FOR SEED USE?

YES

NO

DECLARES AMOUNT  
USED FOR SEED

INVOICED FOR  
SEED VARIETY USE FEE

REPEAT PROCESS EACH YEAR

# SEED VARIETY USE AGREEMENT

*Value. Transparency. Choice.*

Visit [seedvaluecreation.ca](http://seedvaluecreation.ca)  
for more information.

Prepared by the Seed Synergy Collaboration Project.

