



May 1, 2009

Mr. Larry Miller  
Chair  
Standing Committee on Agriculture and Agri-Food  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa, ON  
K1A 0A6

Dear Mr. Miller,

I am writing to clarify some comments I made during the Wheat Growers testimony before the Standing Committee on March 31.

During the question and answer session, Mr. Valeriote suggested the United States is not a major pasta producer due to limited access to water. In my response, I indicated that the lack of U.S. pasta production was more likely related to its lower durum production.

I have since learned that the U.S. is indeed a very large pasta producer. According to the International Pasta Organisation, the U.S. produces 2.0 million tonnes of pasta annually, second only to Italy. Canada is well back, ranking 14<sup>th</sup> in the world, with production of only 170,000 tonnes annually.<sup>1</sup>

As you know, Canada is the world's largest producer of durum wheat, which in turn is used to produce semolina flour, the main ingredient in pasta. In the past three years, Canada has produced an average of 4.2 million tonnes of durum wheat compared to U.S. production of 1.9 million tonnes. Canada produces less than one-tenth of the pasta that the U.S. produces, even though we produce more than double the durum.

Incredibly, Canada is a net importer of pasta. In 2007/08, the value of Canadian pasta imports amounted to \$304 million compared to pasta exports of \$131 million. In fact the trend is worsening. Canada's net trade deficit in pasta amounted to \$173 million in 2007/08, up from \$120 million in 2006/07 and \$97 million in 2005/06.<sup>2</sup>

The Wheat Growers maintain that the lack of pasta production and durum wheat milling in Canada, particularly in western Canada, is largely due to the stifling presence of the Canadian Wheat Board monopoly. To my knowledge, there is not a single commercial-size pasta plant in the entire prairie region. Catelli's did have one plant in Lethbridge, but that plant closed a few years ago.

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1 [www.internationalpasta.org](http://www.internationalpasta.org)  
2 Statistics Canada

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***Innovative, farmer-driven solutions.***

The Wheat Growers are convinced that removing the CWB monopoly would lead to the development of more pasta plants throughout Canada.

We realize that some say it doesn't make economic sense to build plants on the prairies and that we are too distant from major markets. How then do these naysayers explain the following five pasta plants currently in operation in the small state of North Dakota?

Dakota Growers Pasta Co., Carrington, ND  
Conte Luna Foods, Grand Forks, ND  
Golden Plains Frozen Foods, Leeds, ND  
Noodles by Leonardo, Cando & Devil's Lake, ND  
La Rinascente Pasta, Hope, ND

These companies are not minor players. Dakota Growers, for example, has sales of U.S. \$280 million and employs 433.

It is tragic that western Canadian farmers do not have the opportunity to sell direct to our own flour mills or pasta plants. This inability for farmers to deal directly with processors is the main reason that food processors are reluctant to locate plants on the prairies and elsewhere in Canada.

Admittedly, Canada does have four major pasta producers (ItalPasta, GrissPasta, Primo Foods and Catelli's) however none of them are located in the prairie region, where practically all of Canada's durum wheat is grown.

We believe Canada should not have a policy that actively discourages pasta production, especially at a time when our country is suffering an economic downturn and faces protectionist pressures on the world stage. We should be doing all we can to ensure our business climate promotes investment and economic activity here at home.

In this regard, we ask Committee members to recommend the introduction of legislation that would allow prairie farmers the ability to sell our wheat direct to Canadian processors. We believe this change in policy would be instrumental in the development of pasta plants and flour mills on the prairies and throughout the rest of Canada.

Thank you again for giving the Wheat Growers the opportunity to appear before you. I ask you to please forward this letter to all members of the Committee.

Sincerely,



Mike Bast  
Chair

- c. Hon. Gerry Ritz, Minister of Agriculture and Agri-Food and Minister responsible for the Canadian Wheat Board